

Gorbachev and  
the mullahs

Gilliam Tett investigates the Soviet  
Union's shadowy Islamic party which  
is sending tremors through the  
Communist hierarchy. Page 1



## Earth's scientist

James Lovelock, left, talks about the  
Gaia theory. Page XIV

## Gain without pain?

Guaranteed equity schemes: aiming  
for capital growth and your money  
back. Page III

EUROPE'S BUSINESS NEWSPAPER

## FINANCIAL TIMES



FT No. 31,533

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Weekend August 17/August 18 1991

D 8523A

## WORLD NEWS

## EC observers' helicopter is hit by gunfire in Croatia

European Community ceasefire observers yesterday came under attack when their helicopter was shot at. No one was hurt, said a spokesman for the EC mission in Zagreb, capital of the breakaway republic of Croatia.

The attack coincided with a declaration of autonomy by Serbs in Pakrac an eastern region of Croatia. Page 22

## 69 die in air crash

All 69 passengers and six crew members of an Indian Airlines Boeing 737-200 on a flight from Calcutta were feared killed when it crashed shortly before it was due to land at Imphal, capital of the north-eastern state of Manipur. Page 3

## McCarthy to leave base

Freelance journalist John McCarthy today leaves RAF Lyneham in Wiltshire for a secret hideaway. Meanwhile yesterday UN secretary-general Javier Perez de Cuellar said he hoped the Middle East hostage crisis could be resolved within two weeks. Uri Lubrani, Page 6

## Divers presumed dead

Three British divers and a New Zealander trapped in a diving bell under the South China Sea were presumed dead and a rescue attempt was abandoned. A fourth Briton is among the 10 missing in the accident in which an oil rig barge capsized after being hit by Typhoon Fred. Page 13

## Two die in Ulster

The Ulster Freedom Fighters, an outlawed Protestant paramilitary group, said it murdered a Protestant member, Thomas Donaghy, near Killybegs, in County Londonderry. Hours later, loyalist gunmen killed a Catholic man, Martin O'Prey, at his home in the Falls area of Belfast. Page 4

## Early election for Turkey

Turkey's ruling centre-right Motherland Party is to call a general election this year, one year ahead of schedule. Meanwhile 19 people were killed in clashes between Turkish troops and Kurdish rebels, at the start of the eighth year of a separatist Kurdish struggle in south-east Turkey, an official said. Page 2

## Probe into hanging case

Home secretary Kenneth Baker has ordered the Metropolitan police to examine fresh evidence in the case of Derek Bentley, who was hanged in 1953 for the murder of a police constable. Page 4

## Ethiopia approves rights

Ethiopia's new government approved rights to hold political meetings and demonstrations, officially ending years of repressive one-party Marxist rule.

## Iranian protest claim

An Iranian opposition group, the Iran-based Mujahideen Khalq, said 30,000 people held an anti-government protest in the western city of Zanjan and clashed with Revolutionary Guards who shot dead five protesters and arrested 2,000 people. There was no independent confirmation.

## Sitting pretty

A mystery Japanese businessman has paid £30,000 for the 36 chairs used by world leaders at the G7 summit last month. The chairs were auctioned to raise money for the Acorns children's hospice in Birmingham by Birmingham-based Roc Office Furniture.

## BUSINESS SUMMARY

## US industrial production rise hints at recovery

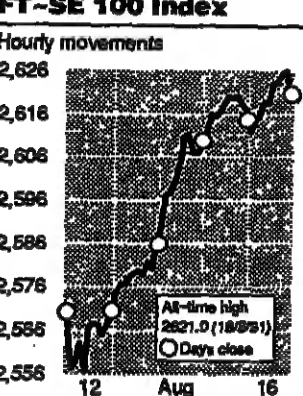
US industrial production rose 0.5 per cent in July to register its fourth consecutive monthly increase, an encouraging sign of recovery after recent reports of declining employment.

However, separate figures for merchandise trade underlined the recovery's uneven nature. The trade deficit shrank to \$4bn (£2.3bn) in June, the smallest for eight years, largely reflecting a sharp fall in imports. Page 22

## FT-SE 100 Index

FT-SE 100 Index edged 3.8 higher to 2,621, its third high

## Hourly movements



## ELECTROLUX, world's largest

white goods manufacturer, turned in better-than-expected first-half results with a 6 per cent fall in profits (after financial items) to SKr917m (236.1m) from SKr1,011m for the same period last year. Page 10

## LLOYDS Chemists, which runs

the UK's second largest chemists' chain after Boots, became the third company to bid for Macarthy, owner of a rival set of shops. Lloyds is offering £74m for Macarthy, which owns the Savory & Moore chain, a pharmaceuticals distribution business and health food shops. Page 22 and Lex

## EUROPEAN Commission is

to examine the planned sale of assets by PanAm, the financial services US airline, to Delta Air Lines. Brussels has a month to decide whether the deal might hinder competition in the EC. Page 3

## ISLE of Man will tighten its

investment laws to stop the island being used by dubious investment operators. Those selling life or pension products in or from the island will have to be licensed as an investment business from January 1 1992. Page 22

## RESEARCH and development

in Britain is in crisis as a result of persistent government underfunding, the Association of University Teachers said. The AUT said R&D in the UK was falling behind that of the US, Germany and Japan. Page 5

## MANNESSMANN, German engineering

group, reported a 27 per cent drop in post-tax first-half profits to DM134m (£45.7m). The company cited weak foreign business and increased investment in its mobile telecommunications business. Page 10

## GUERNSEY authorities have

reached agreement with Norwich Union, a leading UK mutual insurer, over a private medical health insurance scheme to provide cover for the island's 60,000 residents. Guernsey is a self-governing Crown dependency, not covered by the UK's National Health Service. Page 6

## Fall in UK inflation seen as sign of recovery

By Peter Marsh, Economics Staff

THE UK economy is on course for recovery, the government said yesterday, as official figures showed a large fall in retail price inflation in July.

It is the first month-on-month fall this year.

The annual rate of rise in retail prices fell to 5.5 per cent last month, from 5.8 per cent in May and June, helped by the biggest falls in food prices for six years and summer sales in shops.

Mr Francis Maude, financial secretary to the Treasury, said Britain's future prosperity depended on further falls in inflation, and that confidence was increasing.

Speaking on BBC Radio, Mr Maude said that the recovery might already have started, even though the evidence was patchy. He said that the scope for further cuts in interest rates, which have fallen by 4 percentage points to 11 per cent since October, was "less than it was".

On the London stock market, share prices closed at a new high for the third successive day, as investors took heart from a series of economic indicators that suggest that the recession might end soon.

Although prices fell towards the close in reaction to losses on Wall Street caused by the suspension of shares in Salomon Brothers, the FT-SE 100 index of leading shares at finished at 2,621.0, up 3.8, to show a rise on the week of about 2 per cent.

The inflation figures failed to impress opposition politicians, who pointed to Thursday's announcement of a £7,500 rise in July unemployment and cautious comments from the Bank of England on lack of evidence of an upturn.

For the Liberal Democrats,

Confusing week.....Page 4  
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Mr Simon Hughes said there was "no hope" of an early recovery, while Labour said Conservative policies damaged chances of a sustained increase in activity.

The inflation numbers showed July's fall in retail prices brought the headline inflation rate to its lowest level for three years. It stands at about half the peak rate of 10.9 per cent reached in September and October last year, and appears on course to reach the government's target of 4 per cent by December.

The government was further cheered by the Central Statistical Office's announcement of a fall in a key measure of underlying inflation - retail price changes minus the impact of mortgage interest payments - which declined from an annual rate of 6.9 per cent in June to 6.5 per cent last month.

Another indicator of inflation tracked by the CBO - retail prices less the effects of mortgage payments and the poll tax - fell from 8.5 per cent in June to 8.3 per cent in July. In June, both these measures had shown an increase compared with May.

In clothes and shoe shops, prices fell by a rate only seen once before in the past 70 years, as retailers cut prices to increase sales volumes. While motorist expenditure showed a rise because of higher petrol prices, the retail price numbers also benefited from lower prices for household goods such as electrical appliances.



Standing down: John Gutfreund will submit his resignation as Salomon chairman at a board meeting tomorrow

## Top Salomon executives resign

By Patrick Harverson in New York

MR WARREN BUFFETT, the legendary US investor, is to take over as chairman of Salomon Brothers after Mr John Gutfreund said yesterday he would resign as chairman of the embattled securities house because of the scandal surrounding its illegal activities in the US government bond markets.

In a terse statement issued at 2.30pm New York time, Salomon said Mr Gutfreund and Mr Thomas Strauss, president, were prepared to submit their resignations at a special board meeting tomorrow "to give the Salomon board of directors maximum flexibility".

Salomon said Mr Buffett, a board member and owner of \$700m (\$442m) preferred Salomon convertible stock, would take over as interim chairman and chief executive officer.

Mr Buffett is known for his astute investments, through his stock market vehicle Berkshire Hathaway, in media companies such as the Washington Post and ABC Capital Cities, and the insurance group GEICO.

The status of Mr John Meriwether, vice-chairman of Salomon and the last of the three senior managers implicated in the scandal, will be considered by the board tomorrow.

The resignations were forced upon Salomon after the company revealed on Wednesday that Mr Gutfreund, Mr Strauss and Mr Meriwether waited four months before informing government authorities that its traders had falsified customer orders and violated Treasury rules in the bond markets.

The Federal Reserve Bank of New York, which oversees the government bond markets, is reviewing its relationship with Salomon in light of the changes at the top of the firm and the steps taken to "address the firm's management control failures".

The New York Fed also said yesterday it was granting Salomon more time to provide a full explanation of its activities in the bond markets.

The announcement that Mr Gutfreund is prepared to resign, and the Fed's measured response to that decision, temporarily lifts the threat that Salomon's primary dealership status might be revoked because of the scandal.

If Salomon were to be banned from dealing directly with the Fed in government bonds, its future as a leading player would be severely damaged.

Continued on Page 22  
Lex, Page 22  
Dog days, Weekend Page II

## S Africa amnesty for political exiles

By Patti Waldmeir in Johannesburg

THE United Nations and the South African government have agreed terms of an amnesty for political exiles.

The move paves the way for as many as 40,000 refugees to return and removes another obstacle to negotiations on a post-apartheid constitution.

The agreement, reached after 18 months of tough negotiations, provides for the UN

High Commission for Refugees (UNHCR) to set up offices in South Africa to ensure government compliance with the terms of the amnesty.

The UN will return to the country after an absence of 30 years, during which South Africa was viewed as an international pariah.

The accord came only a day after agreement was reached

on a plan to bring peace to South Africa's black townships. Together, the two agreements remove the most important remaining obstacles to talks on a new constitution, which government officials said could begin as early as the end of November.

Mr Nicolas Bwakira, head of the African division at UNHCR, said the agreement

would allow political refugees to return to South Africa without fear of prosecution for offences committed either before or during their exile.

A blanket amnesty will be given to all those who have committed crimes falling under the internationally agreed definition of a political offence. Previously, the government

Continued on Page 22

## US company wins fight for British computing group

By Alan Cane and Richard Gourlay

SD-SCICON, one of the UK's last independent large computing service companies, last night fell into US hands at the end of a lengthy, hard-fought and sometimes acrimonious takeover battle.

Electronic Data Systems, the information technology arm of General Motors of the US and the world's largest computing services company, said it had 56.75 per cent of SD-Scicon's stock.

The EDS offer values SD-Scicon at £162m. Yesterday morning, EDS held just over 35 per cent of SD-Scicon's stock, but 36 per cent of shareholders had already made clear their intention to reject the offer.

The balance was finally swung by Morgan Grenfell Asset Management, which owns only to Morgan Grenfell and it believed other SD-Scicon shareholders would have been prevented from accepting the EDS offer had it sold to World Software. It had been, the fund managers said, an "agonising" decision.

Mr Jackson said the Morgan Grenfell decision, which he described as "monstrous", was the result of an "honest but mistaken belief" that it had a responsibility to shareholders other than its own clients.

"Morgan Grenfell finally decided to play the role of executioner," Mr Jackson said. "It is an excellent example of shareholders thinking they have duties and responsibilities that are in fact the duties of the board of companies."

Mr Jackson had decided against taking legal action against Morgan Grenfell because of further damage it might do to SD-Scicon after some three months of takeover activity.

The battle for SD-Scicon, which lost some £20m last year after making provision for the completion of poorly managed fixed price contracts, has been unusual because hostile bids are rare in the computing services business which is entirely dependent on highly skilled staff.

Earlier in the week, World Software, a computing services operation in which Volmar has a major stake, said it would be willing to acquire Morgan Grenfell's holding at a price of 80p.

Morgan Grenfell's fund managers said yesterday they had decided against accepting the World Software offer because of a question of corporate governance: the 80p offer was open only to Morgan Grenfell and it believed other SD-Scicon shareholders would have been prevented from accepting the EDS offer had it sold to World Software. It had been, the fund managers said, an "agonising" decision.

Mr John Jackson, SD-Scicon's non-executive chairman, will meet Mr Gary Fernandes, EDS senior vice-president, on Monday to agree arrangements for SD-Scicon's management and staff. Mr Jackson said it was "a bad day for British industry".

The battle ended dramatically with a mystery competitive bidder, threats of legal action and an approach to the Takeover Panel.

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LONDON MONEY  
3-month interbank:  
10 1/2 % (10 1/2 %)  
Life long gilt futures:  
Sep 93, 145 (93.4)

STERLING  
New York lunchtime:  
\$1.669  
London:  
\$1.682 (1.688)  
DM2.925 (2.925)  
FF9.955 (9.95)  
SF2.50 (2.57)  
¥225.0 (225.2)  
£ Index 90.3 (90.8)  
GOLD  
New York: Comex Dec  
\$365.7 (362.7)  
London:  
\$358.15 (358.65)  
N SEA OIL (Argus)  
Brent Oct  
\$19.55 (19.45)  
Chief price changes  
yesterday: Page 22

DOLLAR  
New York lunchtime:  
DM4.765 (4.765)  
SF7.5425 (7.5425)  
Y137.38 (137.38)  
London:  
DM1.7605 (1.733)  
FF5.59 (5.595)  
SF1.54 (1.523)  
Y137.25 (136.4)  
£ Index 97.0 (96.4)  
Tokyo close: Y136.9  
US LUNCHTIME  
RATES  
Fed Funds: 5 1/2 %  
3-mo Treasury Bill:  
5.418 %  
Long Bond:  
100.3  
yield: 8.1 %

STOCK INDICES  
FT-SE 100:  
2,621.0 (-1.2)  
FT Ordinary:  
2,007.5 (-1.2)  
FT-A All-Share:  
1,254.97 (+0.2)  
New York lunchtime:  
DJ Ind. Av.  
2,977.42 (-21.01)  
S&P Comp  
388.41 (-2.92)  
Tokyo: Nikkei  
22,814.37 (-204.31)  
LONDON MONEY  
3-month interbank:  
10 1/2 % (10 1/2 %)  
Life long gilt futures:  
Sep 93, 145 (93.4)

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## INTERNATIONAL NEWS

# Gorbachev aide to resign as party member

By John Lloyd in Moscow

MR ALEXANDER Yakovlev, long time aide to Mr Mikhail Gorbachev, the Soviet president, and an increasingly disillusioned liberal in the Communist Party leadership, yesterday announced his intention to quit a party which, he said, was still in thrall to a "Stalinist clique".

His statement followed a decision of the Party Central Control Commission that it would seek his expulsion from the party, after several weeks in which his hostility to communism and the party was made more and more evident.

At the same time, a string of well known names are expected to announce today their allegiance to the Movement for Democratic Reform - the group began by Mr Yakovlev, Mr Eduard Shevardnadze, the former Foreign Minister, and others.

These include Mr Nikolai Stolyarov, chairman of the Russian Communist Party's Control Commission and a rare radical in its ranks, and Mr Mikhail Shatrov, the writer, and a serving government minister.

Mr Arkady Volsky, chairman of the Scientific-Industrial Union of major enterprises and himself a close ally of Mr Gorbachev, said that the movement would decide at its congress -

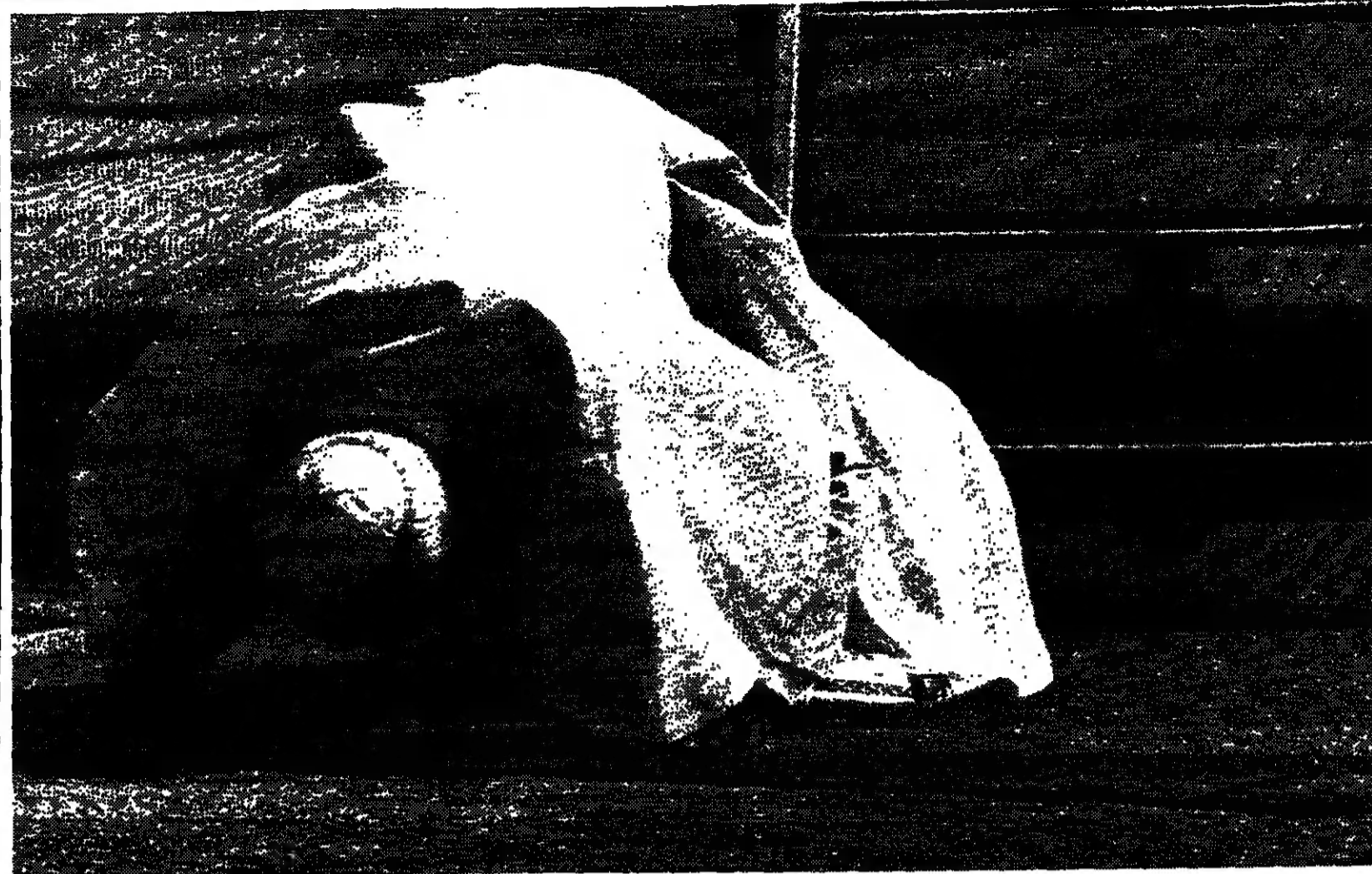
to be held, he said, in October rather than, as announced, in September - whether or not to turn itself into a party or remain as a movement.

His own view was that it should remain as an umbrella movement, capable of uniting the more than 300 democratic parties and groups now active in the Soviet Union.

Yet another sign of the communist party's now rapid decline is its obvious resignation to the fact that its branches in enterprises will be closed down, under a decree promulgated last month by Mr Boris Yeltsin, the Russian president.

Mr Georgy Tarasovich, chairman of the Supreme Soviet's committee on nationalities, said at a conference on Thursday: "It seems to me that the Constitutional Compliance Committee (of the Supreme Soviet) will not overturn this judgment."

At a meeting on Tuesday between Mr Yeltsin and Mr Valentin Kuptsov, the new general secretary of the Russian Communist Party, the two men agreed a deal that the branches could withdraw slowly from enterprises - but that the process should be completed by the end of the year.



The Pope kneels to kiss the ground yesterday on arrival at Budapest airport on his first official visit to formerly communist Hungary

## Bundesbank keeps options open on Lombard rate rise

By Andrew Fisher in Frankfurt

MR HANS Tietmeyer, deputy president of the Bundesbank, yesterday sought to emphasise the central bank's freedom of manoeuvre by stating that this week's slight rise in the Lombard rate did not necessarily mean a further one was on the way.

"If we had believed that a larger increase was necessary, we would have decided this," he said in a German television interview.

The Bundesbank raised the discount rate by a full point to 7.5 per cent and the Lombard rate, which is of greater significance for monetary policy, by only 0.25 percentage points to 9.25 per cent.

Mr Tietmeyer said the quarter point increase was enough for present conditions.

Monetary policies were on the right track and the timing of the move was right. Mr Helmut Schlesinger, the Bundesbank's president, said after the rate decisions on Thursday that it wanted to keep money supply growth this year at the lower end of its 3 to 5 per cent target range.

"One cannot exclude what happens in the autumn," Mr Tietmeyer said about speculation over the next Lombard rate, which is of greater significance for monetary policy, by only 0.25 percentage points to 9.25 per cent.

inflation. Mr Schlesinger said, when asked about the possibility of a further Lombard rise: "I can't either exclude or give advance notice of something like this."

The small rise in the Lombard rate is designed to give the Bundesbank greater flexibility in conducting its monetary policies.

It also, economists noted, provides scope for further rises if inflation does accelerate too much.

But the Bundesbank is likely to wait for the start of the wage round - Volkswagen's next pay contract starts in November - before considering further action.

## Germans concerned at poor foreign investment

By David Goodhart in Bonn

GERMAN business invested DM30bn abroad last year but foreign business invested only DM3bn in west Germany, according to a report from the IDW economic institute in Cologne.

The report returns to the themes that were worrying German businessmen at the end of the 1980's - high labour costs and business taxes, and the decreasing attractiveness of Germany for foreign investors - and concludes that they have been getting worse.

Retained profits, for example, are taxed at 56 per cent in Germany compared with 55 per cent in France, 47 per cent in Italy and 35 per cent in Britain and the Netherlands. Labour

costs in France are 68 per cent of the German level and in Britain only 65 per cent. Even taking account of Germany's higher productivity, France has a 13 per cent cost advantage and Britain a 20 per cent advantage.

The report also points out that American investors are shying away from Germany. In 1985 Germany was second to Britain as the most favoured European business location but it has now slipped to fourth place behind France and the Netherlands. Between 1986 and 1989 the US invested \$6.3bn (£2.72bn) in Germany compared with \$2.8bn in the UK.

The Japanese, too, seem to be shying away from Germany.

## New York cut up over fate of hairy Yankee

By Patrick Harverson in New York

THE headlines said it all: "Play Bold", "Shear Madness". "Hair Today, Gone Tomorrow". Don Mattingly, veteran baseball slugger, captain of the New York Yankees and all-round good chap, had been dropped from the team for not getting his hair cut.

The row over the hirsute hitter hogged the front and back pages of the city's tabloids yesterday, eclipsing the achievements of another famous New Yorker noted for his absence, not abundance, of hair. (Paul Simon, a keen Yankee fan, played before three quarters of a million New Yorkers in central park on Thursday night).

The middle of August is the hottest, and usually the craziest time of the year in New York, but even then the city and its sports teams are amazed at the fuss over Mattingly's mop. It is not as if the player has Samson-like locks, cascading down his back. After a recent trim, they barely touch his collar.

This, however, still failed to meet the Yankees' classification of "well groomed" in its team hair policy. So Mattingly was ordered by his manager, Stump Merrill, to get a haircut. Mattingly refused, so Merrill dropped the best and most experienced player on his young and struggling team from Thursday's game against the Kansas City Royals.

What has so exasperated Yankee fans is that the whole episode harks back to the bad old days, when George Steinbrenner, the club's hated owner, ran the Yankees like a personal fiefdom. Although Steinbrenner was barred last year from the day-to-day running of the Yankees because of his links with a known gambler, fans fear he may have a hand in the Mattingly saga.

Yet it seems that Steinbrenner, reluctant though New Yorkers would be to admit it, may be a wronged man. Gene "Stick" Michael, the general manager of the Yankees, is said to have given the order to bring the hairy Yankee into line.

Stick Michael's complex about hair length probably developed back in the 70s when he played for the Yankees. One day in May 1973, when Michael was short-stop for the Bronx Bombers, the new owner, keen to make a mark on his freshly-acquired but poorly-coiffured charges, ordered several players to get a hair cut. One of those players was Stick Michael. The owner, of course, was George Steinbrenner.

## Swedes launch package to provide jobs

SWEDEN'S ruling Social Democratic government announced yesterday a SKR1bn package to combat the country's rising unemployment. Robert Taylor writes in Stockholm. This involves bringing forward approved infrastructure investment projects as well as measures to provide at least 12,000 more work and training places.

With the general election only four weeks away the government is keen to demonstrate that it is determined to reduce lengthening queue. Last month registered unemployment in Sweden rose to 2.3 per cent, very low by western European standards but high enough to worry Swedes who are used to virtual full employment.

The package promises to provide at least a further 12,000 work or training places in co-operation with local authorities and employers. The infrastructure projects include the go-ahead for a third runway at Stockholm's Arlanda airport.

The Financial Times (Europe) Ltd. Published by The Financial Times (Europe) Ltd., Frankfurt Branch, Colonnadenstrasse 54, 6000 Frankfurt-am-Main 1, Germany. Tel: 069-722677; Telex: 416193; Fax: 069-722677. Registered office: 11, Abchurch Lane, London EC4N 3DF. UK: 020 7576 7000. USA: 212 904 6000. Australia: 02 959 9600. New Zealand: 09 308 9000. South Africa: 011 480 9000. Singapore: 04 343 8000. Hong Kong: 252 2222. Japan: 03 5561 1000. India: 011 460 9000. Pakistan: 021 460 9000. Bangladesh: 021 460 9000. Sri Lanka: 011 460 9000. Malaysia: 03 252 2222. Thailand: 02 252 2222. Philippines: 02 252 2222. Indonesia: 021 460 9000. Singapore: 04 343 8000. Hong Kong: 252 2222. Japan: 03 5561 1000. India: 011 460 9000. Pakistan: 021 460 9000. Bangladesh: 021 460 9000. Sri Lanka: 011 460 9000. Malaysia: 03 252 2222. Thailand: 02 252 2222. Philippines: 02 252 2222. Indonesia: 021 460 9000. Singapore: 04 343 8000. Hong Kong: 252 2222. Japan: 03 5561 1000. India: 011 460 9000. 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## UK NEWS

## Norwich Union wins Guernsey health contract

By Richard Lapper

GUERNSEY authorities have reached agreement with Norwich Union, one of the UK's leading mutual insurers, on a private medical health insurance scheme to provide comprehensive cover for the island's 60,000 residents.

The scheme is the biggest single medical insurance contract in the country and represents an important coup for Norwich Union, which moved into the sector only last year. Mr Patrick Smith, the managing director of the NU Healthcare subsidiary, said the scheme was "a

major breakthrough in private medical insurance" and one of the largest ever underwritten by the NU group. Guernsey is a self-governing Crown dependency and not covered by the UK's National Health Service. About 30,000 of its people have no health insurance.

Under the scheme, details of which are still being negotiated, the Hampshire-based NU Healthcare will provide insurance allowing access to the island's general practitioners and other health facilities, as well as to Southampton General and other

hospitals in the Wessex area.

Guernsey will pay NU an annual premium which is expected to be "considerably in excess" of £10m, Mr Smith said.

The Guernsey authorities may perhaps levy a tax to pay for the scheme which "will obviously displace existing private schemes", according to Mr Smith.

The States of Guernsey Insurance Authority and the Board of Health put the plans for the provision of an insurance plan out to tender and chose NU from a shortlist of three

health insurers, which also included the British United Provident Association (Bupa) and Private Patients Plan (PPP), the dominant companies in the UK health insurance market, premiums from which are worth around £1bn a year.

NU is one of a number of commercial insurers (both Bupa and PPP are non-profit companies) to have entered the market in recent years, attracted by annual growth rates of around 15 per cent a year and the possible new opportunities for private provision created by NHS

reform. About 12 per cent of the UK population has private medical insurance.

Bupa, which has traditionally accounted for more than half of the health insurance market and whose name is sometimes seen as synonymous with private health, has seen its market share eroded slightly in recent years.

Even so, commercial insurers - which include Sun Alliance, MGI Prime and Cigna - still account for only about 11 per cent of total premium income.

Last year, with inflation pushing up the cost of claims, Bupa lost £88m.

The Guernsey scheme will dwarf the volume of NU's existing individual business, although the company has negotiated a number of group health care schemes with several large companies, including Scottish and Newcastle Breweries, Derbyshire Building Society and Asda.

Mr Smith said the Guernsey scheme was modelled on arrangements that are common in the US. It is unique in the UK.

## Baker reopens Bentley case

CAMPAIGNERS for a reform of Britain's criminal justice system were jubilant yesterday when the Home Office moved to tackle one of the greatest postwar legal controversies, two decades after the death of a police constable.

After nearly four decades of protests, Mr Kenneth Baker, the home secretary, has now ordered the Metropolitan police to examine fresh evidence in the case of Derek Bentley, a mentally subnormal petty criminal hanged in 1953 for the murder of a police constable.

Bentley was convicted after the constable was shot dead by his 16-year-old accomplice, Christopher Craig, in a siege after a burglary in Croydon, south London. Although in police custody at the time, he was sentenced to death after allegedly shouting "Let him have it, Chris" as Craig was approached to give up his gun by a police officer.

In fresh evidence broadcast by Thames television last September, five witnesses disputed some of the facts of the case. At the time, Bentley's execution created a storm of protest and is widely cited as a big contributory factor in parliament's subsequent vote to abandon the death penalty.

In spite of the reopening of the Bentley case, some campaigners remain sceptical about hopes that the government is determined to tackle controversial convictions.

Mr Ludovic Kennedy, the broadcaster celebrated for his pursuit of miscarriages of justice, said last night that while he was "surprised and delighted" by the move, pressure for results would continue to provoke some policemen to fabricate evidence.

Many dubious convictions remained on the books, he claimed. "People say that 99 per cent of convictions are safe," Mr Kennedy added. "But if that is true, with a prison population of 40,000, that means 400 innocent people are wrongfully in jail."

## Stock exchange ruling supported

THE London Stock Exchange is right to limit the amount of information published immediately after large stock market trades have been carried out, according to a report from two academics commissioned to advise the Department of Trade and Industry, Richard Waters writes.

However, there are improvements in the visibility of stock market trading that could be made without threatening the market, say Professor Julian Franks and Professor Stephen Schaefer of the London Business School, the report's authors.

The exchange's rule change this year to allow large trades to be kept hidden from the market for 90 minutes has been attacked by the Office of Fair Trading.

The conclusions of the report to the DTI, are contained in the latest edition of the exchange's quarterly *Quality of Markets Review*.

The two academics argue that immediate publication of large bargains, although benefiting small shareholders, would be bad for investors who wanted to deal in large amounts.

*Quality of Markets Review*, Summer 1991, LSE £16 (annual subscription £35).

## Brel pay deal

UNIONS representing 5,500 manual workers at Brel, the former engineering subsidiary of British Rail, have formally accepted a 4 per cent pay rise effective from April 8 this year.

Mr Patrick Good, Mr Robert Marr and Mr Wayne Ross face a total of 32 charges relating to possession of the proceeds of crime, police said on Thursday.

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## Confusing week brings bumper crop of figures

IT HAS BEEN a disappointing and somewhat confusing week.

Although packed with economic news, much of the data have been inconclusive. At worst, they have exposed government claims of imminent recovery as premature; at best, they have hinted that the worst of the recession is over.

With unemployment data due on Thursday, there was no hope of getting the bad news out of the way early. But the government still enthused over Monday's retail sales figures - revised upwards to show a bounce of 1.5 per cent in June shopping activity - and the production figures on Tuesday, which also showed an unexpected tick upwards in June manufacturing output.

Less attention was paid to Monday's credit figures, which revealed the timidity of UK consumers in the face of rising unemployment. They were not taking on more debt, but paying back bank loans, even though borrowing has become 4 percentage points cheaper since October.

Government claims that the worst of the year-long recession was over were disputed first by the Confederation of British Industry, then by the opposition, pressure groups and trades unions.

The CBI reminded the Treasury of its own dictum that too much should never be read into one month's figures; it predicted more falls in output in July and August.

Nevertheless, it had no quib-

## Rachel Johnson looks at the bad and the good in the latest economic news

bes over the accompanying producer price indices. CBI surveys - accepted to fore-shadow changes in the official price indices produced by the CSO - have been showing the smallest number of manufacturing companies expecting to raise prices for 20 years. So although factory gate prices rose at an annual 5.9 per cent in July, after 5.8 per cent in June, the consensus was that underlying cost pressures were easing.

On Thursday, it appeared that only traders in the London stock market were taking seriously the government's claims that the recession was ending. The FT-SE 100 index had two sessions of record highs. Thursday's came in spite of a rise of a quarter of a percentage point in German interest rates - which may prolong difficulties in all European economies - and decidedly bleak economic news.

Unemployment registered its biggest post-Second World War seasonally adjusted July rise - 67,800; record numbers of houses were repossessed in the first half of the year - 38,610; capital spending by manufac-

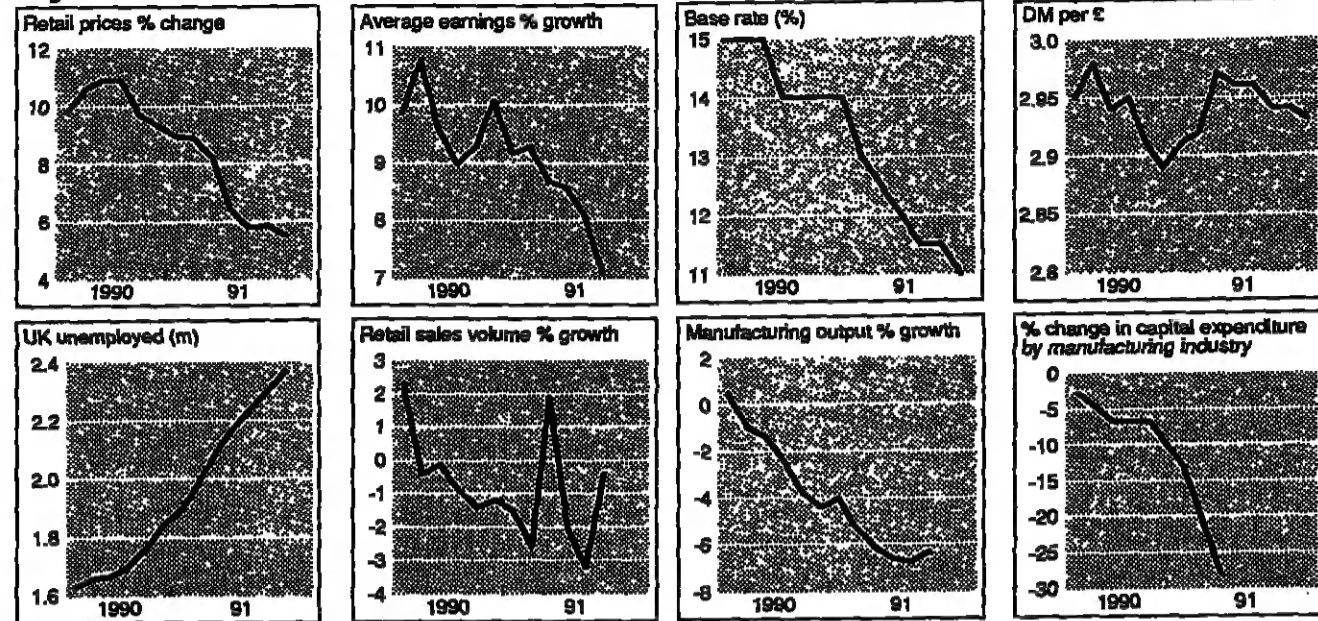
turing industry suffered its largest fall on record in the second quarter - 21 per cent. To cap it all, the Bank of England appeared to side with the business community and against the government in the recession-or-recovery debate. It said there was no clear evidence of an end to the recession. The economy was still bumping along the bottom, and it might take up to two years for interest rate cuts - and there were room for more - to wake consumers up.

Yet the government was able to finish the week on a more positive note. Inflation fell, as expected, to an annual 5.5 per cent in July. Combined with the fact that the rise in German rates was so small, that suggested that the next cut in UK rates was only a matter of time - or, rather, of politics. The markets expect one with October's Tory party conference.

Perhaps the best news of all was unannounced. The big worry is that consumption will not be strong enough to revive the expected recovery in output. Unemployment's rise and the fall in personal-sector wealth - via house prices and share prices - has severely depressed confidence.

However, the first signs that confidence may be growing appeared yesterday. Gallup's consumer confidence survey, conducted for the EC, showed a positive balance for the first time since 1988 of those who regarded now as a good time to make a big purchase.

## A year of recession in the British economy



## Recession halves debt payoff to £1bn

By Rachel Johnson, Economics Staff

THE government's first debt repayment of the financial year last month of £1bn was about half the amount expected, as a result of extra spending forced by recession.

The Central Statistical Office and the Treasury announced yesterday that the public-sector debt repayment (PSDR) in July was £560m, taking the borrowing requirement for the first four months of 1991-92 to £6.1bn.

That is over £3bn more than the government borrowed in April to July last year, mainly showing the extra spending on

unemployment's rise to 2.4m in July. More benefit payments were apparent in departmental spending of £17.5bn last month, a full £1bn more than expected by economists.

Low community charge receipts, after the Budget's cut in poll tax and delays in billing, also drove up spending, the CSO said.

The Budget's VAT increase to 17.5 per cent, meanwhile, would not be reflected in higher receipts until next month.

Revenue receipts, on the

other hand, held up well in July, a peak month for payments of corporation tax. Cash receipts from the Inland Revenue totalled £9.8bn last month, after £4.7bn in June.

Additional help of £1.2bn in privatisation proceeds came from the third instalment of the sale of the water companies.

Excluding those proceeds, the public-sector borrowing requirement (PSBR) was £9.7bn in the first four months of the year, compared with £4.9bn last year.

Economists said public-se-

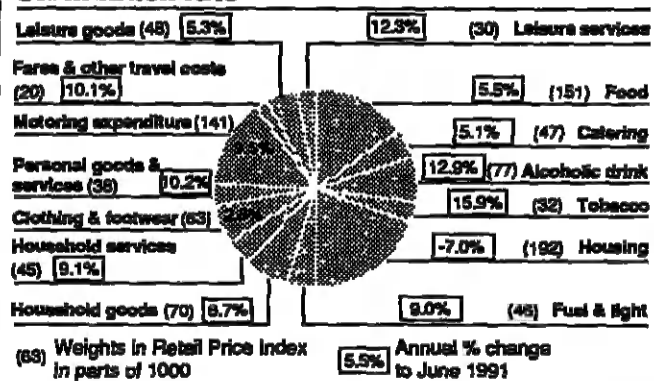
ctor finances were looking ragged. July's buoyant receipts were unlikely to boost finances over the year, as tax revenues had already fallen sharply as a result of lower company profits.

That implied that the government would be unlikely to overbook the £8bn PSBR which it forecast for this year.

Mr Simon Briscoe, UK economist at Greenwell Montagu, said: "Unemployment and extra spending commitments are going to continue rising - while extra revenues won't."

## Fall in meat and cheese prices helps to cut RPI

## UK inflation rate



A LARGE fall in meat and cheese prices was among the driving forces behind the 0.2 per cent fall in the retail price index in July, the first month-on-month decline since December last year. Peter Marsh writes.

The fall in the RPI to 138.5 in July, from 134.1 in June, was helped by retail price-cutting on clothes, shoes and household goods.

Another factor was a reduction in July of an average of half a percentage point in mortgage interest rates.

Counteracting those changes was a 1.3 per cent rise last

month in motoring prices. That was largely linked to increased petrol prices, with the cost at the filling station of a gallon of 4-star fuel up 3p to £2.32.

The changes took the annual rate of rise in the RPI to 5.5 per cent, down from 5.8 per cent in May and June. The headline inflation rate for August is expected to decline further, to about 4.5 per cent, on a possible further decline in mortgage costs and as last summer's sharp rise in petrol prices drops out of the index.

Cheaper meat and cheese appear to have resulted largely from food stores reacting to

oversupply, while lower demand may also have helped. The price reductions were mainly responsible for a 0.3 per cent fall in July in the prices of non-seasonal foods, which showed the first monthly decline since October 1985.

There was a decline of 6.9 per cent in prices of seasonal foods such as potatoes and other vegetables, roughly as had been expected.

Retail prices for clothes and shoes declined by 3.7 per cent over the month, as recession-hit shops mounted clearance sales in an effort to boost sales volumes.

## Tit-for-tat Ulster murders continue

By Our Belfast Correspondent

PROTESTANT and Roman Catholic church leaders in Northern Ireland appealed for calm yesterday after one of the worst spells of terrorist violence in recent years.

The Ulster Freedom Fighters, an outlawed Protestant paramilitary group, claimed responsibility for murdering a Sinn Féin member near Killybegs, in County Londonderry, yesterday, the latest in a series of tit-for-tat sectarian killings in the province that has left eight people dead in the past week.

The UFF said the victim, named as Mr Thomas Donaghy, was an IRA commander responsible for numerous murders. It also warned of more attacks against what it called members of the Republican movement.

Mr Donaghy was released from prison three years ago after serving a term for arms offences, but his brother said he had severed all terrorist links.

Hours later, loyalist gunmen crossed the so-called peace line in the Shankill Road area of Belfast to kill a Catholic man, Mr Martin O'Prey, at his home in the Falls area.

Earlier, the IRA said it regretted the death of a man killed in west Belfast on Thursday night, during a bomb attack on security forces. The IRA also murdered a former member of the Ulster Defence Regiment in Tyrone on Thursday.

Cardinal Cahal Daly, leader of Ireland's 3.5m Catholics, said yesterday that the IRA was continuing its campaign merely to prove that it had the capacity to carry out shootings and bombings. He said the IRA knew its activities would not achieve political objectives.

Archbishop Robin Eames, Church of Ireland leader, said the latest cycle of killings was very "sinister". He added that everyone had to ask themselves some very serious questions about people who supported those carrying out murder attacks on both sides of the community.

Yesterday's murders brought to 51 the number of people killed in terrorist violence in Ulster this year.

August is generally a difficult month for the province's security forces, with the IRA usually increasing its activity around the anniversary of internment.

The upsurge in activity by loyalist killer gangs has served to add to community tensions, with the spiral of revenge shootings showing no signs of abating.

Mr Seamus Mallon, deputy leader of the Social Democratic and Labour party, said in a radio interview: "There is an air of desperation among the paramilitary groups here at the present moment of time. 'That desperation is springing mainly from the fact that they realise the futility of the violence that they have been using for this past 20 years.'"

Mr Hugh Annesley, chief constable of the Royal Ulster Constabulary, warned recently that the threat posed by terrorists was at its highest level for two years.

Mr Annesley said the immediate outlook was "grim", with loyalist gunmen stepping up their attacks in the wake of the collapse of the province's political initiative.

The IRA has also intensified its campaign, carrying out gun and bomb attacks on security bases almost nightly.

## Labour attacks claims on jobless

By Ivo Dawney, Political Correspondent

LABOUR yesterday ridiculed Tory claims that Britain's rising unemployment parallels similar increases elsewhere in Europe by pointing out that the rise in the UK is more than double that of all other EC countries together.

Tony Blair, shadow employment secretary, said EC unemployment figures provided a "stark and revealing contradiction" of government claims that the present recession is equally severe elsewhere in Europe.

He said yesterday: "They show Britain uniquely hit by unemployment and confirm

that this was indeed an avoidable recession - the result not of world events but of economic errors made in Downing Street."

According to Mr Blair, EC figures for the period from May 1990 to May this year show job losses in the UK increasing by 635,000, while the total for the six other EC countries where unemployment rose was 305,500, or less than half the British rise for the same period.

The remaining five EC members had suffered no increase in lost jobs.

Furthermore, Mr Blair said, without the UK's contribution

to the total, the unemployment rate in the EC as a whole would have dropped.

He said: "The truth is that on unemployment as on investment and growth, Britain under the Tories is bottom of the league."

The Labour onslaught comes in anticipation of a new Tory counter-offensive next week when Mr Michael Howard, the employment secretary, will attempt to refocus public attention away from the unemployment figures and on to Labour's links with the trade unions, particularly in relation to the selection of Labour parliamentary candidates.

## Peru to pursue case against García

By Sally Bowen

PERU'S lower house of Congress voted on Thursday night to go ahead with a constitutional accusation against former president Mr Alan García for alleged corruption while in office.

The marathon seven-hour debate linked the question of Mr García's relationship with the Bank of Credit and Commerce International (BCCI) to other charges of personal enrichment that have been under investigation by a parliamentary committee for the past year.

Mr Fernando Olivera, the head of the committee, told deputies that they had enough evidence "to presume that García was involved in the placement of Peru's international reserves with the BCCI".

The vote in the Chamber of Deputies went against Mr García by 88-76. The chamber must now appoint a commission to prepare a formal accusation against him. That will then be debated by the senate, which could vote to lift the ex-president's parliamentary



THE BCCI SHUTDOWN

immunity and pass the case for trial.

"The first stage, as we were rather expecting, has been lost," said Mr Hugo Otero, one of Mr García's closest advisers. "But there's still a lot of water to flow under the bridge. This is clearly a manoeuvre to block Alan García's political future."

Meanwhile, the head of the separate senate commission investigating the 1986 decision to place up to \$270m of reserves with BCCI's Panama branch, has requested the arrest of two former central

bank officials, Leonel Figueroa and Hector Neyra, president and general manager respectively at the time the decision was made, have been named by the Mr Robert Morgenthau, Manhattan district attorney, as receiving \$3m in bribes from BCCI. Both have denied the allegations.

● Egyptian banks have put up cash to support BCCI's Cairo affiliate in a government-backed rescue operation, according to local financial sources.

One Western economist said that state-owned and joint-owned banks would place 0.5 per cent of their dollar and Egyptian pound holdings at the bank either interest-free or below market rates.

Al-Ahram newspaper quoted an official source as saying that the banks had already deposited 0.25 per cent of their holdings, or about \$60m (\$35.5m), and would place the remainder soon.

The Central Bank of Egypt said earlier this week that

BCCI transferred more than two thirds of its deposits, or \$370m, to BCCI branches in London and Luxembourg before the closure in July.

● Three men have been charged in Canada with laundering \$537m of drug money through the Vancouver branch of BCCI after a three-year police investigation.

Mr Patrick Good, Mr Robert Marr and Mr Wayne Ross face a total of 32 charges relating to possession of the proceeds of crime, police said on Thursday.

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## FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL  
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Weekend August 17/August 18 1991

## Nowhere to go but up

THE LEVERS of UK monetary policy may remain firmly in the hands of the Treasury, but the Bank of England now talks, even if it cannot act, like an independent central bank. Its latest quarterly bulletin does not contradict the chancellor's hopes for a recovery in the second half of this year, but it does not make a compelling case for believing him either. Moreover, it argues, even if the government were to try to engineer a pre-election boom, which governments are wont to seek and independent central banks are there to stop, it has already missed its chance.

The economy, the Bank concludes, is "bumping along the bottom" with "no tangible evidence" of a recovery. Only the balance of probabilities is in favour of a rise rather than a fall in output in the second half of this year.

The economic news was similarly bumpy this week. Manufacturing output rose in June, though by an almost imperceptible 0.2 per cent, while June's retail sales growth was revised upwards by 0.2 percentage points. Headline inflation fell again in July, to less than half its October peak of 10.9 per cent. Yet the progress on underlying inflation is far less dramatic. The government's favoured measure, excluding mortgage interest payments, rose by 6.8 per cent over the past year, the same annual rate as in April.

Meanwhile further increases in unemployment, and a steep fall in investment, provided further evidence of the depth of the recession. Only for the stock market does rising unemployment spell good news. It means higher productivity and profits when output recovers, and contributed to another record close in the nominal level of the FTSE 100 index.

## Little evidence

The timing of recovery is less important for the stock market, and so for profits, investment and growth, than the strength of the upturn. Here the evidence does not support the market's optimism. For while some sort of recovery is inevitable, sooner or later, the prospects for a robust recovery remain poor.

All the possible engines of economic growth - investment, exports, consumer spending - are suffering under unusually tight constraints.

The corporate sector is in financial deficit to a record degree. True, company profits have recovered in recent years from their lows of the 1970s, but companies appear likely to use higher profits to repay their debts more than to invest in new capital.

Nor will the world economy pull the UK out of recession, while the US economic recovery is sluggish, despite a higher-than-expected rise in US industrial output in July. And with sterling fixed in the European exchange rate mechanism, there will be no repeat of the exchange rate depreciation of 1982 and 1983.

So the prospects for growth rest with consumers. The recovery from both the 1974-75 and 1980-81 recessions occurred largely through a rise in consumption, sparked by a fall in savings as the increase in unemployment slowed, and also by higher borrowing for house purchase, which boosted spending on durables.

The underlying conditions for a fall in saving and a rise in borrowing do not look promising. Unemployment is still going up rapidly across all regions of the country, while the housing market remains depressed. Turnover is very low, with repossession rising.

## Debt burden

The prospects for a housing-led recovery are exceptionally weak. As a multiple of earnings, house prices still remain a third above the trough reached in the last two recessions. Meanwhile, the debt burden for first-time buyers is very high. Real interest rates, which would have virtually no effect until well into next year, are more important. Consumers remain saddled by high levels of debt, which have not been inflated away by very high inflation rates as in 1974 and 1980. So consumers are taking advantage of the lower rates of interest to repay their debt, leaving spending and the demand for credit weak. Even dramatic cuts in interest rates, assuming the ERM would allow them, would now be most unlikely to fuel a pre-election upsurge after the shock that consumers have suffered over the last three years.

Yet interest rate cuts are the only pre-election weapon the government possesses. It should take the opportunity for small cuts that the ERM will allow between now and June. Economically, the cuts should come as soon as possible; politically, the government may choose to delay, to maximise the political capital from each cut. With Labour ahead in the polls, the government needs all the help it can get.

Britain's inflation rate has dipped again, perhaps soon falling below that of Germany. But it will take more than moderating price rises to convince the British they do not always pay the highest prices in Europe for everything from a cup of coffee to a car. To add to the national perception of hardship, Britons remain convinced they are also paid less.

The conventional image of a nation underpaid but overcharged has been given fresh impetus by suggestions that British shoppers face some of the highest food prices in Europe. The daily dribble of increases, pushing up the cost of a telephone call, a pint of beer or a summer bowl of strawberries, adds to the impression that living in the UK carries a costly premium.

There are plenty of examples to support the theory. The British may be expected to pay 20 or 30 per cent more for a British-made car than someone in the Netherlands buying the same model; a bottle of blended Scotch whisky costs £10.50 in Britain but only £6.10 in Italy; a kilo of flour costs 22p in Paris and 33p in London.

But for every item which appears to be more expensive when purchased in Britain, there is one which costs less than in continental Europe.

A video recorder bought on a British High Street may be up to one-third cheaper than anywhere else in the EC, courtesy of its UK-based Japanese makers. A quarterly gas bill for the average UK family home is likely to be the lowest in Europe while a telephone call to the US normally costs less than from the continent. French quality newspapers are generally more expensive and considerably thinner; most clothes and children's toys in Belgium can be twice as costly as in Britain.

Weaving through the minefield of exchange rates and purchasing power calculators, it is a guess that the British hover half-way down any European league of living costs.

Figures from the Organisation for Economic Co-operation and Development suggest that the actual purchasing power of the British - a calculation which adjusts both for fluctuations in exchange rates and price differences between countries - has recently been higher than in several countries with better per capita gross domestic product. Austria, Belgium and Italy have been cited.

The International Labour Organisation's own surveys demonstrate that employees in the manufacturing sector in Holland, Germany or the UK can all expect to put in about the same amount of work to earn the cash to pay for 250g of butter - around seven or eight minutes.

A regular survey of living costs by PE International, management consultants, reckons cities like Milan, Madrid, Paris, Vienna, Brussels, Frankfurt and Dublin to be more expensive than London. The exercise excludes housing costs, but another survey by the Woolwich Building Society suggests that £100,000 will buy more living space in London than in centres such as Paris, Luxembourg or Lisbon. Ownership of housing in Germany and Italy is, on average, more expensive than in Britain, with

## Michael Cassell looks into the truth about British prices

## Pay now, moan later



home buyers often having to borrow a much higher multiple of earnings.

Most comparisons of average earnings across the Community also place Britain - where employees share with the Irish the privilege of working longer hours than anywhere else in Europe - somewhere in the middle. Department of Employment figures put British manual workers exactly half-way down the wages league, behind nations like Germany, Denmark and Belgium but ahead of others such as France, Spain and Italy.

The picture is the same for non-manual workers, though another survey claims that British managing directors are, despite the recent publicity surrounding some high salary increases, almost the worst-paid among 10 European nations.

Still, no statistics will put an end to suspicions that the British consumer gets a bad deal. A report last week from the European Commission suggesting that the cost of British food has risen by one-third since 1985, much more than in any other northern European country, added fuel to the flames.

The EC findings were immediately seized on by supermarket critics who claim that British food retailers enjoy profit margins up to four times higher than in Europe.

The supermarkets reject the claims and prefer to highlight the quality and choice they offer. They cite very high land prices in the UK as an exceptional overhead in any comparison with Europe and point to their higher levels of imported - and more expensive - food products.

A Sainsbury's spokesman declared: "The British public is well aware how much it has benefited from the major supermarkets in the UK, which are among the most efficiently run organisations in the country."

This week also brought a renewed onslaught on the cost of water in Britain. A survey by analysts National Utility Services showed that prices of domestic tap water supplied by the newly-privatised industry have risen in the UK over the last year by three times the European average. Only Italy has raised prices by more.

But the same survey demonstrated that water charges were still significantly higher in Germany, Italy and France and that prices in Holland and Belgium were not far behind those in the UK.

The National Consumer Council says the water industry should pay for capital investment by more borrowing. Instead of boosting bills to captive customers, the companies say charges will have to go on rising until the end of the 1990s

so that EC standards are met. Transport costs in the UK are perhaps the most common target in any comparison of European living expenses. The Monopolies and Mergers Commission is investigating allegations that the British are forced to pay up to 50 per cent more for cars than customers elsewhere in Europe. Other studies, carried out on behalf of the manufacturers, claim there is little difference.

There is little argument that list prices of cars sold in the UK are, almost without exception, higher than elsewhere in Europe, but the trade says quoted prices in themselves are almost irrelevant. It claims the margin for haggling by customers is much greater in the UK than elsewhere. The British car buyer makes a 27 per cent contribution to the Exchequer, higher than anywhere but in Spain, but his motor insurance premiums will be among the lowest in Europe.

Rail fares are perhaps the biggest Aunt Sally of all, with British Rail charging some of the highest fares in the world. London commuters, according to a recent report from the Association of London Authorities, face the most expensive rail fares in Europe and a steadily declining service.

Although BR does not base its fares on mileage covered - preferring instead a system of selective pricing designed to maximise revenue from selected routes - the average fare per mile throughout Britain is now nearly 10p, higher than any of its European counterparts. The 113-mile journey from London to Birmingham costs £33 while the 126-mile trip from Brussels to Amsterdam is £15.

BR declines to accept that it charges the highest fares in Europe but, in its defence, points to the fact that it receives the lowest level of public subsidy.

In the home, the continuing controversy over British Telecom's proposed privatisation is put into proper perspective by the OECD, which puts Britain exactly half-way down a 24-nation table of telephone tariffs.

When it comes to utility prices, the average British home seems to get a fair deal, according to an independent analysis carried out by consultants Energy Advice.

Families can expect not only the lowest gas bills but, despite post-privatisation price rises of over 15 per cent - will still get their electricity for less than consumers in Germany, Italy or Belgium. A tonne of domestic coal, even after the summer discounts end, will be cheaper in Britain than anywhere in Europe, except Spain.

According to PE International, there is evidence that, whatever the price variations across Europe, the gap in relative costs of living between nations has been closing. With moves towards the harmonisation of VAT, expanding membership of the exchange rate mechanism and completion of the single market, the levelling process should continue.

There is one expense Britons in search of a continental bargain cannot avoid. While most Europeans can pop across a border to check prices elsewhere, a ferry trip across the Channel from a British port will cost a family of four up to 50p. If it is any consolation, it will cost the same for Europeans coming the other way.

## Books and book-keeping

## Antony Thornecroft on problems facing the new British Library

It is the new British Library, rising remorselessly behind the hoardings in London's Euston Road, a black hole eating up £450m of the taxpayers' money? Or is it a splendid national memorial to Margaret Thatcher, who, against her penny-pinching principles, always backed the project. Or is it an example of grandiose ambition which spiralled out of control?

Despite her public image, Mrs Thatcher was a soft touch on a personal level. The fact that the chairman of the committee which recommended a new "British Library" in 1989 was Fred Staiton, her old chemistry tutor at Oxford, probably persuaded her to keep the funding going when the initial government commitment of £115m seemed to be soaring towards £1bn.

In the end, fiscal restraints overcame sentiment and the original development, spreading over 12 acres of derelict railway land at St Pancras, was abandoned. The Treasury balked at the persistent financial haemorrhage and refused to fund the final stage of the development. When the new Library opens in 1996 it will be little more than half the size of its prototype, adding just 74 seats for readers and scholars to the 1,100 available in the reading rooms of the British Museum, and holding 10m books. In the original plan it was hoped to double the space for readers and to accommodate 18m books.

The trek down to St Pancras holds little attraction for the vociferous group of scholars and writers who have clubbed together to oppose the Library, with its soulless computerised book-delivery system. They want to stay under Panizzi's domed marvel in the old Reading Room where Marx wrote Das Kapital.

The delays and rising costs which have plagued the project, the most expensive public building in the UK in the past century, have played into the hands of its opponents. Last month, the mobile shelving system in the new Library developed faults which have delayed the arrival of books, although the first volumes to be transferred should still be moved later this year.

In addition, the runaway costs, and the limited advantages for users, the 20-year span of the project has seen a transformation in attitudes to public architecture. Architect Colin St John Wilson has come up with a building in which the business end - the storage of books - is hidden underground, and the facade, although unfashionably monumental, is at least surfaced with bricks.

But for many it is still too functional and utilitarian when set against the current vogue for user-friendly buildings designed on a human scale. And in a display of bureaucratic perversity, which sug-

gests that the government is fed up with the whole project, the minister for the arts, Mr Tim Renton, has refused to provide the promised £1m which was to beautify the site with sculptures, tapestries and fine architectural fittings. It seems possible that the vast piazza which will separate the building from the noisy, cheerless Euston Road will lack artistic embellishment.

Mr Brian Lang, who recently took on the job of director of the Library after well-regarded stints at the National Heritage Fund and the National Trust, has inherited a botched compromise which he must sell as best he can. He puts on a brave face. "The nation has got a first-class building. We must make as efficient use of what we have as possible," he says. He hopes the slump in the property market will enable him to claw back the derelict six acres to the north of the site which was once earmarked for a reading room but which the government now hopes to sell to recoup some of its costs. "It would be an excellent spot for a book-binders, for photographic facilities and for an educational project."

Mr Lang believes that when the readers get their first experience of the Library in 1996 their prejudices will be overcome. They will welcome the fact that 90 per cent of their requests for books will be met within an hour as against the delays of between two hours and three days which confront them in the old Library. They will appreciate the bringing together on one site of books on the humanities, on science, on technology and on business, which have in the past been scattered among 17 places around London.

But the most persuasive case for the new Library is that it offers better conditions for keeping books. Thousands, especially those printed as most modern books are on paper containing acid, are disintegrating in the old Library. They will be more easily preserved in St Pancras. "Books will come to the readers quicker. And they will last longer," says Mr Lang.

It might seem that an awful lot of money has been spent to make life easier for the few hundred scholars and idlers who treat the Reading Room in the British Museum like a literary club. Of course, something much grander and uplifting was proposed 20 years ago. The new British Library was to be a statement of national pride and confidence, offering a late 20th-century monument that would set the seal on the London of the next millennium. In the end, the resources and the will failed. But having gone so far there seems little to be done but make the best of what has survived and to ensure that last-minute frustrations do not bequeath a meaner, more dispiriting structure than is necessary.

## MAN IN THE NEWS

## Uri Lubrani

## Charmer at the heart of hostage talks

By Edward Mortimer



He's so charming, it disorients one's judgment," said Mr Uri Lubrani, the Israeli "troubleshooter" who has been at the centre of this week's hostage negotiations.

With his combination of scholarly detachment and hard-nosed realism, his long record of work on the border-line between conventional diplomacy and secret service operations, and his ability to move in and out of the political limelight, the 55-year-old Mr Lubrani, a graduate of University College London, is an outstanding representative of the old school of Israeli public servant.

For the past eight years he has been the Israeli government's Co-ordinator of Lebanese Affairs, a job he accepted from the government of Mr Menachem Begin, at a time when Israel was occupying nearly half of Lebanon's territory in the wake of its 1982 invasion. Mr Ariel Sharon, the architect of that invasion, had just resigned.

Mr Lubrani has always attached special importance to the Shia community in Lebanon, which is not only the largest but also the dominant one in the southern areas bordering Israel; and, of course, the one from which, under Iranian influence, the groups holding hostages in Lebanon have sprung.

His knowledge of and interest in Shiaism derive partly from an earlier period in his career, when he was head of the Israeli mission in Iran during the last years of the shah's regime. On that experience more than any other is founded his reputation as an acute political analyst because, alone among the foreign envoys in Tehran at the time, he saw the revolution coming and gave his government advance warning of it.

That success in turn he attributes to a still earlier experience, as an envoy to Haile Selassie's Ethiopia (experience which was again put to good use this year, when he negotiated with another collapsing Ethiopian government for per-

mission to airlift nearly 15,000 Ethiopian Jews from an Addis Ababa encircled by rebels). Having seen the Ethiopian monarchy "actually in the process of decay and crumbling," he says, he was well placed to recognise the symptoms of a similar process in Iran. "I was absolutely convinced that this could not continue indefinitely; that my job rather than that would be the job of other ambassadors because for me the question of it's going to happen didn't arise. It was when it's going to happen, and how. And I realised very early in my stay that the only organised infrastructure which had leeway to operate within the country with a lot of latitude was the religious community, because it had a mullah in every little village."

He discovered that Savak, the shah's secret police, paid a lot of attention to this problem, taking great trouble to infiltrate the religious establishment, and he believes that this may have rebounded against the regime, as the agents changed sides, bringing a cer-

tain modernism of outlook and technical expertise into the hitherto rather medieval religious hierarchy.

Not that he equates the Shia of Lebanon schematically with the Shia of Iran. In fact he makes a racial, or linguistic, distinction between the two: "One shouldn't forget the Shia of Iran is an Aryan Shia, and the Lebanese Shia is a Semitic Shia. The people are of a different ethnic descent, and they are, but they want to live, and basically they want to let live."

Guided by this perception, Mr Lubrani came into office in 1983 as the leading exponent of a "Shia school" among Israeli policy-makers. The previous policy of building up Lebanon's Maronite Christians as Israel's allies was scrapped, and Israel sought to develop close relations with other Lebanese communities - the Druze and especially the Shia. One may guess, though he has never said so publicly, that if Mr Lubrani's advice had been sought a year earlier the inva-

sion would never have occurred, or at least on nothing like the grand scale that it did. (Like many senior figures in Israel's foreign policy and security establishment, he is associated with the Labour opposition, having been an adviser to three Labour prime ministers including the founder of the state, David Ben Gurion.)

As it was, his success in unravelling the invasion's more disastrous consequences has been only partial. He was unable to avert either the bloody civil war between Druze and Maronites in the Shouf mountains in 1983 or the ugly war of harassment and reprisal between Israel and the Shia of South Lebanon which preceded and accompanied Israel's withdrawal in 1985. All his sophistication and nuance could not conceal the brutality of the "iron fist" policy with which Israel responded to suicide bombings and other guerrilla tactics used by the Shia against its retreating forces.

On a smaller scale this pattern has continued since, with raids and counter-raids between Shia resistance groups and the Israeli-backed South Lebanon Army which controls the "security zone" along the border. But in other respects Mr Lubrani's policy paid off. The Shia movement in Lebanon split and the larger part of it, Mr Nabih Berri's Amal, carried on Israel's half-finished work of destroying the Palestinian quasi-state based on the big refugee camps. Now that work is being completed by the reconstituted Lebanese army, with Syrian backing.

Also, Mr Lubrani has proved himself adept at the game of hostage-taking and bargaining. In spring 1985 the retreating Israeli forces took with them, in defiance of the Geneva Conventions, a large number of prisoners, both Palestinian and Lebanese, from the detention camp at Ansar. Many of them were among 1,150 prisoners released shortly afterwards in exchange for three Israeli soldiers held by a Syrian-backed Palestinian group; a further 381, all Lebanese Shia, were released later in the summer after Mr Berri had secured the freedom of 39 passengers from a hijacked TWA airliner. Israel has always denied there was any deal in this case, but it is assumed that some kind of understanding has been given to Amal, via the US.

In 1989 Mr Lubrani was credited with being the driving force behind the decision to seize Sheikh Abdul Karim Obeid, a prominent pro-Iranian Shia leader in South Lebanon, in an attempt to break the logjam over both western hostages and the remaining Israeli prisoners of war and missing in action in Lebanon. At the time the move appeared to have backfired, as negotiations got nowhere and one of the Shia groups announced the "execution" of an American hostage, Lt-Col William Higgins. (In fact he had probably been killed some time earlier.) But Mr Lubrani is a patient man. Now, when he is shortly to retire, he may be about to reap the fruits of his "investment".

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# The other Europeans on the move

The residents of what used to be communist eastern Europe are travelling to the west in search of a better life. FT writers talk to them about where they're going and what they're leaving behind

None who were there will forget that warm Sunday night of September 10 1989 at Hegyeshalom, the border crossing between Hungary and Austria. The air was filled with the sound of corks popping from bottles of Russian champagne. Thousands of young east Germans, some pushing their spluttering Trabant, were almost lost for words. Many were sobbing. Others were embracing the border guards. That was the night that the Hungarian government decided to allow thousands of young east Germans to cross into Austria, and on to west Germany. The Iron Curtain had been breached.

It was that spectacular mass movement of people from east Germany, via Hungary, that precipitated the end of the communist regimes throughout eastern Europe and the crumbling of the Berlin Wall. Western governments and public opinion joined together to welcome the new Europeans.

But the euphoria has since given way to anxiety. Now that citizens from the Soviet Union and eastern Europe are allowed to travel, western governments fear an influx of such massive proportions that the urge to erect new barriers - this time from the western side - will be increasingly difficult to contain.

No western government is willing to predict how many of the young east Europeans "Europe" will want to leave their homelands to settle in the west. Estimates released during a conference on migration, organised by the Council of Europe in Vienna earlier this year mentioned about 2m. A Soviet official said he expected between 1.5m and 2m to emigrate each year in the next couple of years. But not all want to migrate westwards.

"I used to dream about travelling to Paris. I read about the Louvre, the Eiffel Tower, the

Left Bank, and the Pompidou Centre. Now I am here," said Václav, a 22-year-old student studying history at the Charles University in Prague, who is visiting Paris. "We can all travel now. Of course I will return home."

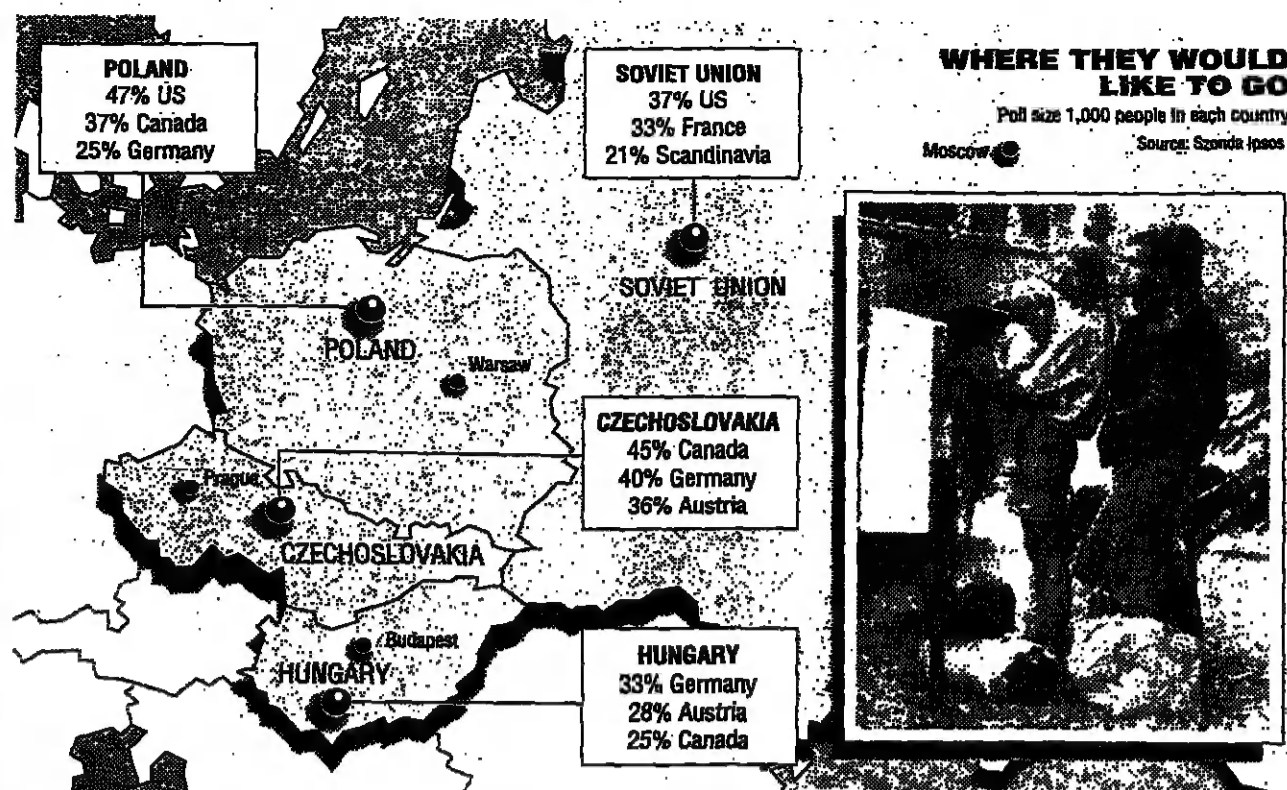
Every day during the long summer months, there is a line of ageing east European buses parked between the big west-coaches along the Rue de Rivoli beside the Louvre, or in the parks beneath the Eiffel Tower and the roads that criss-cross the Bois de Boulogne.

Most of the easterners, like Jaroslav and Tomas, electrical engineering students from Prague, are visiting for a few weeks. The two 22-year-olds paid 500 crowns (\$16.5) each to get to Paris by bus. "That's a lot of money for us students, though not for most Czechoslovak adults," said Jaroslav.

They brought cans of food with them, so they only have to buy drinks and fresh fruit and vegetables. They sleep on the floor of a friend's apartment, so they avoid living rough. After a week in Paris, they plan to hitch-hike to the south of France, and then home again by the beginning

**'It is as if we are not worthy to be considered part of the new Europe,' said Anca**

of October. Not all the visitors go home after three months. Some young east Europeans find jobs in the black economy in France - working mainly on building sites, or painting and decorating. Concerns have been raised about employers paying these young people well below the market rate and providing no insurance against accidents or sickness.



Nevertheless, the visitors to Paris are the lucky ones: they generally come from Poland, Czechoslovakia, and Hungary. France, like Germany and Austria, has lifted all visa requirements for the citizens of central Europe, but not for those of south-eastern Europe, the Romanians, Bulgarians, Albanians and Yugoslavs.

It is as if we are not worthy to be considered part of the new Europe," said Anca, a 23-year-old chemist from Bucharest, who managed to obtain a visa to visit London.

My name is Ion. I am 29 years old. I come from Romania. I do not want to return home because I am a gypsy. At least under the Ceausescu regime, we were not spat upon. Now we are outcasts in the new democracy. Ion explained how the end of the hated Ceausescu regime in Romania in December 1989 had unleashed decades of suppressed hatred and xenophobia, which today is directed against the Jews, the gypsies and the ethnic Hungarians.

"There is no place for me in the new Romania," he said. Like thousands of other Romanians, Ion has been trying to seek permission to settle in the west. At first, he tried to go to Hungary in order to cross into Austria. But the Austrian border guards sent him back into Hungary. He tried to obtain a visa from the German embassy in Budapest, but he was refused. He has now joined the horde of other Romanians in Poland, which does not require visas.

This is how a Polish television report described the new visitors to Warsaw:

"At the beginning, they lived only within the train station buildings. Now, adults and children can be found everywhere, even in the most out-of-the-way corners of the capital. They lie on the pavements. They beg. They are the refugees from Romania. There are already 35,000 of them. In some, they arouse sympathy, in others anger or embarrassment. Should they be helped and how? It is with great anxiety that we are observing this phenomenon on our streets and in our stations."

The guards at Cerveny Ujezd, a village 100 kilometres north of Prague, stand idly by the gates, refusing to let outsiders in. Cerveny Ujezd is one of five refugee camps set up at the end of last year by the Czechoslovak authorities in an effort to cope with the growing numbers of people from the Soviet Union and the Balkan countries who are seeking refuge or attempting to use the country as a transit point to the west.

This particular camp, once a base for the Soviet army, houses between 150 and 300 people. The sounds of Romanian children playing echo behind the high metal wall. Like their parents, they are waiting to be repatriated.

Ms Michaela Frejlova, the federal government commissioner for refugees, said most of the refugees come from Romania (about 500), Bulgaria (300), and the Soviet Union (150).

In June, a total of 226 refugees, mostly Romanians, were deported, though the figure varies from month to month. Mr Jan Ruml, the deputy interior minister, said they

had been trying to cross Czechoslovakia illegally on their way to Germany. He added that none of them expressed an interest in applying for refugee status.

Another 800 were sent back to Bucharest last month on specially chartered aircraft after the Hungarian government refused to allow the Romanians to travel on trains out of Czechoslovakia via Hungary en route back to Romania.

To stem the influx of migrants, the Czechoslovak authorities have recently increased the number of border controls. Ironically, the border guards who once vigilantly protected the country's western borders against the "imperialists" and "capitalists" have now been deployed to the eastern frontiers.

"Sometimes I think our east European neighbours are trying to build a new Iron Curtain," said Anca, the chemist from Bucharest.

Shane Proffitt is one of the lucky Albanians who managed to avoid being placed in a refugee camp. Last March, he boarded a hi-

jack ship which sailed from the Albanian port of Dures to the port of Bari in southern Italy. Once in Bari, he roamed the back streets for several days, evading the police, and relying on the goodwill of the locals. Now he is a waiter in Brindisi, although he has an engineering degree from Tirana University.

"We are economic refugees. There are no prospects at home. There is no food, no jobs, and no money. We want a taste of the good life as well. It will take years to modernise the Albanian economy. I did not want to wait that long."

Shane, aged 28, has no intentions of returning home. "We are economic refugees. There are no prospects at home. There is no food, no jobs, and no money. We want a taste of the good life as well. It will take years to modernise the Albanian economy. I did not want to wait that long."

Hungarians remain deeply attached to their homeland. But a section of the population, particularly the scientific community, is becoming increasingly impatient with the low wages, and the cuts in research grants. The temptation to work abroad is increasing. It could lead to a brain drain.

Peter Zavadsky, the department head at the Institute of Enzymology in Budapest. Until recently, he worked for part of the year in Regensburg, Germany. "What is most important to me is to be part of the international network of science," he said, adding that the technical facilities and material benefits were far better in the west. In the west, a university professor can earn DM80,000 (\$46,242) a year; in Hungary, F1500,000 (\$5,750).

Mr Zavadsky is not worried

**Western governments fear the influx will be increasingly difficult to contain**

that Hungarian researchers will remain abroad. "Most of them would like to return, but only if they could get the funds. If the situation will not improve, they might not come home," he said.

"We are caught in a catch 22," said Josef Kovacs, a 30-year-old mechanic from Bratislava. "How can I get experience in management if western countries do not give us work permits? How can I import parts,

if I am not allowed to earn hard currency abroad? Do we have to spend our vacation in the west working in the black economy, always worrying about being caught?"

Alois Baumrucker, 25, is also a mechanic. But he is more upbeat because he has a success story to tell. "I worked in Germany illegally for a month. It is one of the few ways to establish business contacts."

Since his return, Alois has set up his own private firm, repairing Japanese cars. Many of his clients come from his former German employer who now sends him cars because labour costs in Czechoslovakia are way below German rates.

Every government in the EC agrees there is a need for a common approach towards immigration. At the Luxembourg summit in June, Mr John Major warned his colleagues that failure to control illegal immigrants would play into the hands of the extreme political right.

Chancellor Helmut Kohl predicted "a catastrophe" if the EC did not come up with a common immigration policy by the autumn. An External Frontiers Convention is under discussion. It would make all non-EC nationals entering the EC after 1992 subject to the same checks and visa policies, strengthening frontiers as a precondition for scrapping internal EC borders under the Single European Act.

Work on a parallel Convention on Asylum is also taking place. But these two conventions do not address the problems of the episodic "tidal waves" of so-called economic migrants predicted from North Africa and eastern Europe.

What makes immigration a common problem is the drive towards a border-free EC which is supposed to culminate in 1992.

"I am not very optimistic about 1992," said Anca. "I fear we will remain second-class citizens. That is what we were under the communists. Will western governments not give us back our dignity?"

By Judy Dempsey in London, with Leslie Collis in Berlin, Nicholas Denton in Budapest, David Gardner in Brussels, Ariane Genillier in Prague, Karin Hope in Athens, Alison Maitland in Paris and John Cavey in London.

To technologists at least, 1981 was notable for the opening of the world's longest suspension bridge, the commissioning of the world's largest nuclear electricity-generating plant and the launch of the IBM personal computer (pc).

Of the three, however, it seems only the IBM pc can now justify the distinction of a 10th anniversary celebration for its role in changing the world.

Neither the first pc nor the best, the IBM 5150 is a machine for playing games of staggering complexity can be bought for much less. Extravagant claims were made for the pc at its birth. It was described as the most important business tool since the telephone, the key to a revolution in home automation, a way of expanding human intellectual abilities.

Ten years on, to what extent has it fulfilled its early promise? Has the pc proved a blessing or a curse to humanity? In common with so many technologies, from nuclear power to genetic manipulation, the answer is something of both. But what is most remarkable, perhaps, is how quickly the pc has become accepted as the building block of the information revolution.

Over the past decade, a rich library of texts dealing with the exploitation of information technology for business advantage has emerged. All assume the easy availability of pc and pc networks. Few have ceased to exult awe or astonishment. They have replaced the "dumb" terminal - a screen and keyboard without computing power - as the accepted way for humans to communicate with computers.

With so many aspects of modern life now underpinned by computer systems, the so-called "human-machine interface" has assumed a new

IBM's personal computer is 10 years old. Alan Cane assesses its impact

## The technological tool for our times

become commodity items, available in high street shops and by mail order.

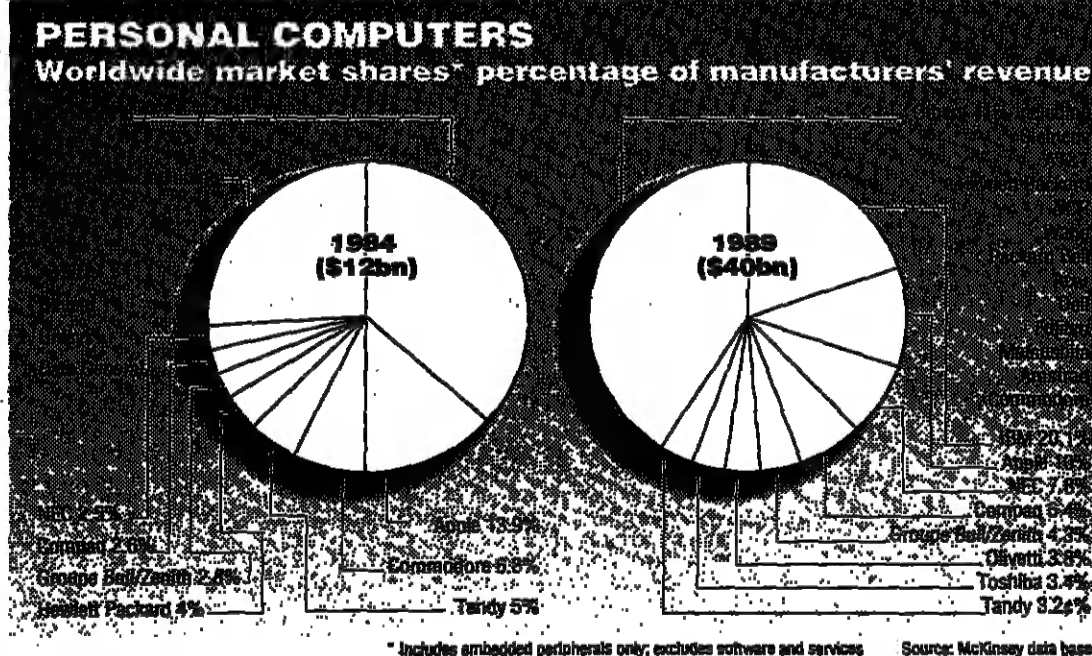
A basic, but adequate, system can be bought for less than £1,000. Machines for playing games of staggering complexity can be bought for much less.

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With so many aspects of modern life now underpinned by computer systems, the so-called "human-machine interface" has assumed a new



importance. There is little evidence, however, that lay people have been allowed much say in the way that interface has developed. The physical design of the pc, the way in which information is presented on the screen, the manner in which instructions are delivered to the machine - all rest on computer experts' ideas of how people should interact with machines.

The result is that some computer users are already paying a heavy price. Upper limb disorders, more commonly known as repetitive strain injuries or RSI, have become common where pcs are used intensively for word processing. Some believe that with increasing penetration of pcs, RSI is set to become the world's commonest industrial disease. It has led to an acceleration of research into ways of controlling pcs which do not involve keyboards.

Voice recognition is an obvious answer, but still riddled with technological drawbacks. What most people will have to come to terms with is the hard copy of the graphical user interface - sets of pictures on the screen denoting functions from which particular

commands can be chosen. Organisations including IBM are already working on psychologically acceptable images. In time, it may be possible to programme pcs by manipulating pictures on the screen.

Business is also having to come to terms with complex problems that were only dimly perceived in the early days of the pc. Security, for example. With the growth of pc networks, companies are increasingly vulnerable to attack from those intent on fraud, revenge or damage. Computer "viruses" have become common. A new industry has grown up around the need to safeguard company computer networks against intruders.

Little of this was imagined in the 1980s even if the idea of pc power is as old as computing itself. Researchers then envisaged executives sitting at multifunction workstations which would combine telephone, television, typewriter, computer, filing system, facsimile machine and communications in a single package. The technology for such a device was available then and is hardly available now - at least, not at an economic price.

To the surprise of the computer industry, its customers began to use pcs as if they were workstations; surprise, because so many computer companies failed to realise the importance of what was happening under their noses. Yet there was little similarity between the workstation of computer engineers' dreams and the

commercially-available pc. Pcs were, and are, underpowered, difficult to use and unforgiving in the face of errors.

On the other hand, they cost very little and can run a spreadsheet, maintain a database and provide word processing - all facilities which helped to make executives independent of their company data centre. They were prepared to put up with the shortcomings of the machines for these advantages.

Now, after a decade of progress, the machinery is becoming impressively powerful. The latest microprocessors are fast enough to model the real world on the screen. Nevertheless, the pc business today is slowing sharply; a consequence of market saturation and a dearth of new applications. Sales of the early pc were stimulated by programs such as Lotus 1-2-3 and Ashton Tates' Dbase filing systems which filled easily recognised business needs. Now the industry is waiting for a new breakthrough in software to create new applications which will regenerate demand.

People such as Bill Gates, chairman of Microsoft, the most important software company in the pc business, argue that the future of personal computing lies with what is called "multimedia" - the ability to combine text, video images, computation, sound and graphics. Computers already exist which can combine moving television image and a computer-generated picture on the same screen.

Imagine an electronic encyclopedia which illustrates, say, the first moon landing with sound, pictures and text. Most important, the user will be able to interact with the information on the screen. Time perhaps, then, for pc users to have a say in how they want to communicate with their machines.

## Support for share shops and a taxing point

From PH Twyman.  
Sir, Your leader, "Share shops on the cheap" (August 13), was a rather churlish response to an ingenious proposal by financial secretary, Mr Francis Maude, designed to promote wider and deeper share ownership.

A network of high street share shops, supported by an intensive marketing effort, stands a good chance of persuading people to overcome their reluctance to buy and sell shares - surely a good thing.

For those of us who already form part of the shareholding community, we can benefit in other ways. The Treasury intends to allow clients of financial intermediaries and providers of share dealing services (whether or not they are FT share shops) to register and then receive exactly the same preferences and incentives as those using the share shops. This seems reasonable and scarcely smacks of the cartelised practices of Japan to which you refer. Traditional

routes for share dealing are being treated perfectly fairly. P H Twyman, 129 Mims Road, Bournemouth, Kent

From Mr Brian MacMahon.  
Sir, Your editorial on share shops states that the Treasury will provide a "near-£12bn subsidy for collective investment in occupational pension schemes". My aim in writing is to show the other side of the coin. The government's actual 1987 survey showed that £13.1bn of taxable pensions were paid; his next survey will show a figure closer to £20bn. Tax on these pensions will go on being paid long after tax-relieved contributions have ceased. Much of the tax relief granted to pension fund savings is tax deferred, not tax exemption. Brian MacMahon, chairman, National Association of Pension Funds, 12-18 Grosvenor Gardens, London SW1W 0DE

## Regulation no auditing panacea

From Mr Nick Gibb.  
Sir, I was astonished by the article by High Aldous and Hoesseing Hamedani ("BCCI collapse: auditing at the crossroads", August 15) which suggests that the collapse of BCCI means we need a regulatory authority for UK auditors. What makes them think that regulation by the state is more efficient than audit by respected firms of auditors?

Accounting firms are continually updating their procedures in order to maintain reputations in the fiercely competitive auditing market. By contrast, the state sector is very often inefficient, unresponsive to change and lethargic when it comes to dealing with its "customers". In a free country there will always be companies and banks which collapse; in any country there will always be incompetence. But you do not

minimise these by more state regulation. If anything, the BCCI affair reveals the contrary. Nick Gibb, prospective parliamentary candidate, Stoke-on-Trent Central Conservative Association, Chander Hill Estate, Weston Coyney Road, Longton, Stoke-on-Trent

## Peps for the next generation

From Mr J Elliott Foley.  
Sir, Mr M J Chestham (Letters, August 10) feels that it is pointless to invest in an accumulating personal equity plan. I have always felt that I should try to leave my children the inflation-adjusted equivalent of what my parents left me. I regard the rest of my capital as my own money

which I have saved, and I feel free to spend it on self-indulgences like expensive holidays. With the advent of personal equity plans, it has become easier and quicker to accumulate a lump sum, so I am investing the annual permitted maximum in an accumulating Pep, specifically with the next generation in mind. If I am clever enough to get the timing right, when I turn up my toes I will have exhausted my "free" capital but will have a healthy Pep to pass on. J Elliott Foley, 96 Disraeli Road, Putney, London SW15 3DN

## LETTERS

### Become a typ(e)ical MBA

From Mr John Raymond.  
Sir, Mr Tim Redpath (Letters, August 16) will probably develop his mind by writing his MBA dissertation and will end up with an impressive qualification to prove it, but I doubt it will directly make him much more effective in his job. Something which would bring immediate practical benefits would be if he learned to

## Return to traditional family will not meet realities of 21st century

From Ms Anna Ellison.  
Sir, In arguing for a return to the traditional family and life-long marriage, Professor Halsey (Personal View, August 12) gives insufficient weight to the lasting nature of some aspects of social change and distorts the reasons for it.

Marriage as an institution has, historically, ensured that wealth passed through the male line from generation to generation. Its longevity as the dominant model for the rearing of children owes less to its efficiency or otherwise than the fact that, with no other means of financial support and little control over the reproductive process, women had no other viable option. By asserting that adults opting for consumables over babies because of a supposed new selfishness Halsey ignores the fact that nine out of ten women continue to have children. Women are in fact having fewer children and deferring and compressing the child-rearing years, arguably a positive move for the quality of care. Finally, the problems associated with children of

divorced and single parents are a function not of any intrinsic inadequacy of new forms of parenting but of the families' relative poverty.

The social and educational disadvantages of such children reflect a society in transition in which planning for the support of the next generation remains rooted in the past rather than the emerging future. The patterns of change in family formation are a consequence of the gradual erosion since the 1960s of women's dependence on men and the paradigm shift in the attitudes of both sexes to women's role in society, unlikely to be reversed.

The challenge is to recognise that in the 21st century multiple forms of parenting will co-exist alongside life-long marriage. A coherent policy is needed that does not squander the potential of that proportion of children who will grow up outside the traditional family. Anna Ellison, 6 Manor Gardens, Larkhall Rise, London SW4 6JZ



## UK COMPANY NEWS

## Invergordon 'does not need' Whyte &amp; Mackay

By Philip Rawstone

INVERGORDON Distillers, the Scotch whisky producer, yesterday branded the £286m takeover bid from Whyte & Mackay, the drinks subsidiary of American Brands, the US tobacco group, as "hostile, aggressive and unwelcome" and urged shareholders to reject it.

Mr James Millar, Invergordon's chairman, denying that the two companies had ever held merger talks, stated: "Whyte & Mackay needs Invergordon. Invergordon does not need Whyte & Mackay."

Invergordon had not fought free of the shackles of one conglomerate (through a management buy-out from Hawker Siddeley) to surrender to another, he said.

In a defence document sent to shareholders, Mr Millar added: "WM and its American parent are seeking to reap for themselves the benefits of Invergordon's well-managed, financially strong business. They are offering a wholly inadequate price for Invergordon's business, brands and prospects and no opportunity

to share in Invergordon's exciting future."

Mr Chris Greig, managing director, rejected any suggestion that Invergordon was merely "posturing over the price" of the £286m share bid, though he pointed out that American Brands had paid a multiple of 22 times earnings to acquire Whyte & Mackay last year compared with its price for Invergordon of an estimated 16.2 times earnings.

Invergordon's directors, with 5.5 per cent of the shares, were unanimous in rejecting the bid and had been given "significant support" by institutional investors.

Half-year results to be announced shortly would confirm its financial good-health and prospects as an independent company, he claimed.

Independence was important to its progress through developing alliances - trading relationships, joint ventures and acquisitions - with like-minded independent companies around the world. "It is doubtful whether these opportunities would be available to a

subsidiary of American Brands," Mr Greig said.

Loss of independence would threaten trading relations with a number of customers and deny three-quarters of its employees who were shareholders a stake in its future. Invergordon exported three times as much whisky as Whyte & Mackay and sales volumes continued to increase while sales for the industry as a whole decreased.

Sales of Whyte & Mackay's main brands - heavily dependent on the UK market and with margins eroded by heavy advertising support - were declining, Mr Greig claimed.

Mr Michael Lunn, chairman and chief executive of Whyte & Mackay, said that nothing in the defence document altered his belief that the £286m offer was generous and that the best future for Invergordon lay in a merger with WM to create a powerful new grouping. "The commercial logic of bringing together our two companies is clear, and Invergordon itself has recognised this in the past," he stated.



James Millar denies that Invergordon and Whyte & Mackay have ever held merger talks

## Cookson makes 'emotional' sale to cut borrowings

By Roland Rudd

COOKSON, the industrial materials group, yesterday announced the disposal of its AJ Oster brass mill business which used to be owned by the family of its managing director.

Mr Richard Oster, group managing director, said the sale to US-based Olin Corporation for \$82m (£48m) was of great "emotional significance" to him. The sale does not include Oster's small alloys division.

However, he made it clear that emotion could play no part in keeping his old family business within the Cookson group. He said it underlined his determination to reduce the group's debt.

Cookson has also said yesterday it had agreed to buy Du Pont's dielectric powders business located in Sun Valley, California, for about \$15m (£9m) which will become part of Cookson's New York-based off-shoot TAC Ceramics.

Proceeds from the Oster sale will be used primarily to

reduce group borrowings to about £200m, representing 30 per cent of shareholders' funds.

Gearing was recently brought down to approximately 35 per cent following the £82.8m rights issue in April coupled with further sales.

The disposal of AJ Oster, acquired in 1978, is part of Cookson's strategy of selling its lower margin businesses. It recently sold half of Pibrico, its plastic business, and hopes to sell the other half, for about £20.

The sale should also help the group's earnings since it should get a better return from the cash.

However, analysts have yet to be convinced that the group can fully recover from its crisis of confidence last autumn.

An over-ambitious expansion programme in the late 1980s pushed gearing up to 110 per cent when the share price fell as low as 45p.

Cookson's shares yesterday rose by 3p to close at 115p.

## Rights and placing in Ramar survival plan

By Clare Pearson

A HOST of old hands from the clothing industry are finding new roles at Ramar Textiles, the women's and children's garments concern, under boardroom changes and refinancing plans announced yesterday.

The company proposes to raise £5.8m net through a 5-for-3 rights issue and a placing, moves which it says are "essential to the survival of the company."

Under the refinancing, Mr Richard Carling, best known as chairman of Together, the mail order fashion retailer, and with Otto Versand of Germany, is to acquire a maximum 29.9 per cent of the enlarged capital.

Mr Colin Radin has stepped down as chairman to make way for Mr Ronald Metzger, who headed Amber Day, the fashion retailer, until 1988. He is also financial director while Mr Radin is staying on the board as chief executive.

Meanwhile, Mr Keith Radin has resigned to lead the management team to whom Ramar plans to sell its mail order wholesale division for a net £300,000.

Mr Carling's representative on the board is to be Mr Geoffrey Primack, a managing director of garment sourcing at Tootal, the textiles company recently acquired by Coats Viyella. Ramar will invite him to be joint chief executive after the refinancing.

Mr Brian Carling, managing director of Ellis & Goldstein, the clothing company, before it was taken over by Alexon in 1988, has become a non-executive director.

The fully-underwritten, equally-sized rights issue and placing are pitched at 8p per share. Through buying shares in the placing and rights not taken up by the Radins, Mr Carling is to acquire 35 per cent of the enlarged capital. He has also sub-underwritten the rights to the extent that his shareholding could rise to 29.9 per cent.

Mr Metzger said yesterday one-off costs, largely associated with sales and write-downs of stocks, which totalled a post-tax cost of £5.73m for the nine months to March 28, had placed "very considerable pressure" on Ramar's financial resources.

After sale of the mail order business, the rights issue and placing and restructuring of debts, the company would have net assets of about £5m. It planned now to refocus on supplying Marks and Spencer as its main activity.

## Border TV bids £50,000 to retain its franchise

By Raymond Snoddy

BORDER Television, one of the three companies which were unopposed in the tenders for new franchise, has bid a modest figure of just over £50,000 a year to retain its franchise.

The annual amount is the total the Carlisle-based company will pay the Government. The franchise area, which covers the borders of Scotland and England and the Isle of Man, was considered too small to pay additional rental based on its advertising revenue.

In the year to April, Border made pre-tax profits of £12.2m from turnover of £12.2m.

Even though Border suspected it was unopposed, it decided against putting in the

minimum bid of £1,000 a year.

Scottish TV also guessed it would be unopposed and its bid was thought to be less than £1m. Border avoided opposition by reducing its costs sharply. Two years ago it employed 250 people and now there are 130. In the new franchise period the number will drop to 123.

Conventional wisdom in the television industry is that Border, the founder's widow, by a larger neighbour such as Granada in 1984 when it becomes legally possible to do so.

Border is, however, difficult to run with three different legal systems, Scottish, English, and Manx within its area.

## Church gets the kiss of life from its bankers

Andrew Taylor on the latest twist in the chequered history of the Surrey housebuilder

IF A company ever appeared destined for the knacker's yard it was Charles Church, the Surrey based housebuilder.

The group at the end of August last year had a negative net worth of £18.5m compared with net debt of £73.6m. In addition the parent company owed a further £33m which it had raised separately from banks to buy back the company's shares in 1988.

In its last financial year the group incurred a pre-tax loss of £60.3m including a £44m write-down against stock and work in progress. Yet instead of being handed over to the liquidators, Charles Church has recently been given a new lease of life, courtesy of its bankers.

It is the latest twist in a chequered recent history. During the past four years the group has been floated on the stock exchange, returned to private ownership and seen the death of the group's chairman and founder Mr Charles Church, who died aged 46 in 1989 when the Spitfire he was piloting crashed.

Last October Mr Nicholas King was dismissed as chief executive by Mrs Susanna Church, the founder's widow, when he supported a rescue attempt led by Electra a venture capital company.

Nonetheless, 16 banks led by Royal Bank of Scotland and County Nat West recently agreed to swap £53m of loan facilities for ordinary and new preference shares. Depending on the response of old preference shareholders, the banks will end up with stake of between 77 and 89 per cent in the company.

A further £30m of loans will be converted into deferred debt

which will not be repaid, including rolled up interest, until 1995/6/7.

The willingness of British banks to swap debt for equity to rescue ailing customers (and also protect their own investment) has increased as the recession has deepened.

NatWest swapped £1.5m of loans to Halls Homes Gardens into preference shares. Bank of Scotland headed a group of banks taking equity warrants as part of a £34m refinancing for London & Metropolitan property company. Midland bank in February agreed to swap £1.5m of loans for a stake in Acasis, a design and media company.

Such deals however remain rare. The sums involved at Charles Church, also, are unusually high. A proposal by Lloyds Bank to swap £50m of debt for equity at International Leisure Group failed earlier this year and the group was placed into administrative receivership.

Mr George Mathewson, deputy chief executive of Royal Bank of Scotland and previously chief executive of the Scottish Development Agency says that a decision on whether to support a debt/equity swap depends upon the strength of a company's management as much as the underlying quality of its assets and its position in the market place.

He says "It is not in our interest to have a fire sale. We would probably be looking at substantial losses if residential and commercial property assets were sold in the current depressed market. It obviously is preferable if companies can continue trading while prices recover."

Mr Stewart Baseley and Mr

Paul Bak, who have worked at Charles Church since the late 1980s but were only recently appointed chief executive and finance director, say they may have been helped in that they were not regarded by the banks as part of "the old guard management of the group."

Mr Baseley said: "The banks have been magnificent. We saw them just before Christmas and asked them for four weeks grace to prepare a business

plan. At that stage we were within £2m of breaching our borrowing limit. The deal has had to be put together very quickly."

The plan submitted at the end of January proposed that the group, which had expanded to build houses all over southern England, retreat to its original core business of selling houses in the home counties.

As part of this strategy it finally last week to the debt-equity swap that locks them in until at least 1996/7 before they can sell their shares or refloat the company.

The rescue will leave the Church family without a stake in the company. Instead of a negative net worth of £18.5m the group will have shareholders' funds of £1.6m. Most important of all for creditors and customers it will have the backing of its bankers.



Stewart Baseley: the banks have been magnificent

## NEWS DIGEST

## Plasmec tumbles to £5,000

AS FOREWARNED in June, Plasmec only reached break even in the first half of 1991 with a profit of £5,000. That compared with £202,000 last time.

Prospects for the second half indicated a limited upturn in sales and profits but, on the basis of its confidence in the future, the board is declaring an interim dividend of 1p. In 1990 it was 1.8p.

Sales of the USM-grouped group, which makes products for telecommunications and switching, and electronics and mechanical systems, rose 15 per cent to £6.18m, but pressure on margins decreased operating profit by 37 per cent to £191,000.

A main area of additional cost related to occupancy expense, up 62 per cent to £202,000, while interest payable increased 79 per cent to £185,000.

Earnings were nil (2.8p).

## Low rights take-up at Scottish Value

Shareholders in Scottish Value Trust have shown little interest in the recent 1-for-1 rights issue.

Only 17.5 per cent of the offer was taken up and the balance will go with the sub-underwriters.

## Aitch deficit approaches £1m

Poor trading conditions in the clothing sector meant Aitch Holdings, the fashion group, stayed in the red over the six months ended May 31, the loss being £995,000.

For the year 1989-90 the loss was £782,000 after a £5,000 profit in the opening half.

Restructuring and cost cutting have been implemented and should reduce the current loss by more than £250,000 annually, said Mr Harry Rogers, chairman and chief executive.

That had produced a much leaner group, but it was still well positioned to take advantage of any upturn, he added. Sales fell to £16.7m (£21.3m) and resulted in an operating loss of £114,000 (profit £518,000). Interest charges were £381,000 (£780,000).

Losses per share came to 1.8p (earnings nil).

## Ennex \$0.5m in red after currency losses

Ennex International, the USM-grouped natural resources company based in Dublin, announced a pre-tax loss of \$520,000 (£310,000) for the six months to June 30 compared with profits of \$216,000.

The result included currency translation losses of \$436,000 (\$269,000 gains) from translating Irish pounds and sterling cash holdings into dollars at the period-end rates of \$1.48 and \$1.62 respectively.

The loss per share was 0.62 cents (0.25 cents earnings).

## Portneirion 38% mid-term shortfall

A near 38 per cent drop in pre-tax profits is announced by Portneirion Potteries for the first half of 1991.

Sales fell from \$9.31m to \$8.8m and the profit to £1m (£1.61m). Mr Euan Cooper-Willis, chairman, said demand had been lower at home and in some export markets. However, in the US dollar turnover rose by 32 per cent.

Overall the profit had been hit by the lower sales which

necessitated short time working from February to April, and also by the costs of continuing factory reorganisations.

The chairman was more encouraged for the second half. The two factories resumed full-time working in May; some seasonal recovery was expected for the home market and there were indications that demand would be maintained in the US, he said.

Earnings per share came to 6.47p (10.57p) and the interim dividend is again 2.25p.

## Millicom benefits from sales gains

Non-trading items helped Millicom to achieve net income of \$25.9m (£15.9m) in the first half of 1991, against a loss of \$23.5m.

The US based company is listed in London.

Sales were up 8 per cent to \$26.1m and reflected increases in subscribers in the satellite television segment and consolidation of payphone operations.

The operating loss was reduced to \$24.4m (\$31.2m) mainly as a result of significant reductions in the losses of the US paging activities.

There were pre-tax gains of \$3.8m associated with the retirement or exchange of subordinate exchangeable debentures and the sale of the UK paging operations. Also a net gain of \$30.8m from the dis-

posal of the UK cellular reselling business.

In the second quarter sales fell slightly to \$12.7m, the operating loss improved by \$3.1m to \$12.7m, and the net deficit was \$7.1m (\$8.7m).

## Dunton losses deepen to £4.4m

The USM-grouped brick maker, Dunton Group, which developed and civil engineering, turned in increased pre-tax losses of £4.45m in the year ended May 31 1991, compared with £7.00m.

Turnover amounted to £3.23m (£3.43m) but changes in stocks and work in progress took £3.74m from that (added £1.44m). There were exceptional costs of £638,000 relating to reorganisation and merger completed in March and the loss in the associate, Harman (Chesham), was £241,000 (£185,000). Interest charges soared to £1.71m (£382,000).

In March the group purchased Holywell Property (Chesham) and Mr Clive Travers, majority shareholder, became chairman of Dunton.

At the time £2.1m was provided against the value of certain freehold properties. Further provisions were not thought necessary now, said Mr Travers.

He continued to be cautious about short-term prospects, but was conscious of the need to cut borrowings and develop

the base and scope of operations. Last month the group acquired Tivoli Trading, a building materials supplier.

Losses per share were 7.74p (0.43p). There is no dividend (interim only 0.48p).

## US start-up costs behind fall at BTG

British Technology Group, the government's agency for backing inventors, announced a 32 per cent decline in pre-tax profits from \$9.51m to \$6.47m for the year to end-March.

Total revenue rose to £30.7m (£29.5m) and licence income grew to £28.2m (£25.2m).

During the year 694 inventions were offered for assessment, a 31 per cent rise. Of these 269 were accepted for commercialisation. Investment expenditure rose to £12.9m (£11.1m).

## Electricity chiefs' salaries surge

Directors' remuneration at newly-privatised Northern Electricity nearly tripled in the year to March 31.

The company's annual report and accounts showed a rise from £138,000 to £224,000 in directors' remuneration, excluding fees and pension contributions, with Mr David Morris, the chairman and highest paid director, receiving £141,511 against £72,151 for part of the previous year. He became chairman in June 1989.

Mr James Smith, chairman of Eastern Electricity received £114,621, excluding pension contributions, for the year to March 31. That included 8 months at his previous year's salary of £68,968. His current annual salary is £175,000.

Mr George Squal, chairman and chief executive of Seaboard, nearly doubled his salary to £116,750 (£60,906) in the year to March 31.

## LONDON RECENT ISSUES

## EQUITIES

Share Price	Dividend	Yield	High	Low	Stock	Change	Vol	Net Div	Turnover	P/E
100	100	100	100	100	Argus Warrants 50	45	10	10	10	10
100	100	100	100	100	Argus Warrants 100	45	10	10	10	10
100	100	100	100	100	Argus Warrants 200	45	10	10	10	10
100	100	100	100	100	Argus Warrants 300	45	10	10	10	10
100	100	100	100	100	Argus Warrants 400	45	10	10	10	10
100	100	100	100	100	Argus Warrants 500	45	10	10	10	10
100	100	100	100	100	Argus Warrants 600	45	10	10	10	10
100	100	100	100	100	Argus Warrants 700	45	10	10	10	10
100	100	100	100	100	Argus Warrants 800	45	10	10	10	10
100	100	100	100	100	Argus Warrants 900	45	10	10	10	10
100	100	100	100	100	Argus Warrants 1000	45	10	10	10	10

## FIXED INTEREST STOCKS

Share Price	Dividend	Yield	High	Low	Stock	Change	Vol	Net Div	Turnover	P/E
100	100	100	100	100	Argus Warrants 50	45	10	10	10	10
100	100	100	100	100	Argus Warrants 100	45	10	10	10	10
100	100	100	100	100	Argus Warrants 200	45	10	10	10	10
100	100	100	100	100	Argus Warrants 300	45	10	10	10	10
100	100	100	100	100	Argus Warrants 400	45	10	10	10	10
100	100	100	100	100	Argus Warrants 500	45	10	10	10	10
100	100	100	100	100	Argus Warrants 600	45	10	10	10	10
100	100	100	100	100	Argus Warrants 700	45	10	10	10	10
100	100	100	100	100	Argus Warrants 800	45	10	10	10	10
100	100	100	100	100	Argus Warrants 900	45	10	10	10	10
100	100	100	100	100	Argus Warrants 1000	45	10	10	10	10

## RIGHTS OFFERS

MARKET OFFERS									
Share Price	Amount Paid up	Latest Earnings Date	1991		Stock	Closing Price	+ or -	Dividend	Yield
			High	Low					
88	Nil	1-15 pm	1-15 pm	1-15 pm	Adrian Paul & Sons	22 1/2		10p	4.5%
88	Nil	1-15 pm	1-15 pm	1-15 pm	Bloomsbury Publishing	22 1/2		10p	4.5%
200	Nil	1-15 pm	1-15 pm	1-15 pm	City of Oxford Units	11 1/2		10p	4.5%
100	Nil	1-15 pm	1-15 pm	1-15 pm	City of Oxford Units	11 1/2		10p	4.5%
15	Nil	1-15 pm	1-15 pm	1-15 pm	Powergen Group	11 1/2		10p	4.5%
25	Nil	1-15 pm	1-15 pm	1-15 pm	Powergen Group	11 1/2		10p	4.5%
25	Nil	1-15 pm	1-15 pm	1-15 pm	Powergen Group	11 1/2		10p	4.5%
25	Nil	1-15 pm	1-15 pm	1-15 pm	Powergen Group	11 1/2		10p	4.5%
25	Nil	1-15 pm	1-15 pm	1-15 pm	Powergen Group	11 1/2		10p	4.5%
25	Nil	1-15 pm	1-15 pm	1-15 pm	Powergen Group	11 1/2		10p	4.5%
25	Nil	1-15 pm	1-15 pm	1-15 pm	Powergen Group	11 1/2		10p	4.5%
25	Nil	1-15 pm	1-15 pm	1-15 pm	Powergen Group	11 1/2		10p	4.5%
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25	Nil	1-15 pm	1-15 pm	1-15 pm	Powergen Group	11 1/2		10p	4.5%
25	Nil	1-15 pm	1-15 pm	1-15 pm	Powergen Group	11 1/2		10p	4.5%
25	Nil								



## LONDON TRADED OPTIONS

CALLS	PUTS	CALLS	PUTS	CALLS	PUTS
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Station	Ind	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
Allyn (Lynn #990)	500	55	144	123	54	12	117							Unifone
	680	23	10	22	32	37								WFSB
ASDA (#99)	80	12	14	15	13	24								1280
	108	2	4	5	11	12	14	14						1560
Br. Alway (#97)	140	20	24	24	24	6	9							550
	180	74	12	10	10	14	14	14						1280
Chas A (#95)	100	10	10	10	24	24								1560
Chas B (#95)	700	57	77	96	97	15	25							1280
	900	10	10	10	10	10	10	10						1560
Deeds (#92)	340	73	78			65	70							1280
	390	45	45	45	45	15	10							1560
D.F. (#92)	300	27	41	45	14	34	54							1280
	330	14	21	24	24	24	24							1560
Enrich Sand (#95)	120	94	11	14	24	54								1280
	130	4	4	9	74	11	11							1560
	140	14	14	14	14	14	14							1280
	920	30				24								1560
	950	40				34								1280
C & Wre (#94)	500	90	10	10	14	5								1280
	550	50	50	50	7	7	14	14						1560
	580	10	10	10	10	10	10	10						1280
Overland (#94)	910	88	68	68	14	3								1280
	940	23	45	75	74	71	11							1560
	940	23	45	75	74	71	11							1280
Out. Union (#90)	500	42	59	67	54	10	37							1280
	540	34	30	30	37	37	37							1560
Pratt (#92)	440	40	58	68	64	11	17							1280
	480	21	21	21	21	63	63							1560
GGV (#94)	330	40	52	57	5	64	12							1280
	340	10	24	24	24	11	14	23						1560
Grant Mts. (#95)	880	46	71	71	71	71	24							1280
	910	18	18	18	39	39	39							1560
L.C.I. (#930)	1300	75	121	140	30	45	63							1280
	1300	75	121	140	30	45	63							1560
Wayfarer (#974)	550	57	74	72	12	19	23							1280
	600	13	34	44	30	40	44							1560
Wadsworth (#974)	240	21	23	33	74	11	14							1280
	280	10	14	14	14	14	14							1560
Land Sec	500	30	34	37	7	15	19							1280
	540	10	10	10	10	10	10	10						1560
Station	Ind	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
Unifone	550	13	59	64	15	24	37							1280
WFSB	880	13	29	42	44	51	51	37						1560
WFSB	240	13	21	24	30	34	34							1280
	280	4	15	15	24	24	24	24						1560
WFSB	1280													1560
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#8 & 5 #281	590	5 1/2	14 1/2	26	35	44 1/2	45 1/2
Alloy Met. #282							
	200	13 1/2	20	35	3	6 1/2	9
	700	7	16 1/2	25 1/2	14 1/2	25 1/2	18 1/2
Amsteel #283							
	50	5 1/2	7 1/2	9	2	4 1/2	5 1/2
	60	1 1/2	4	5 1/2	7 1/2	10 1/2	11 1/2
Barlets #284							
	460	25 1/2	42 1/2	61 1/2	8	15 1/2	19 1/2
	500	8	20 1/2	33 1/2	20 1/2	34 1/2	38 1/2
Blue Circle #285							
	240	21	28	34 1/2	3	7 1/2	10
	260	8	13 1/2	16	14 1/2	17 1/2	18 1/2
British Gas #286							
	260	12	18 1/2	23 1/2	4	6 1/2	9
	300	3 1/2	9 1/2	13 1/2	14 1/2	17 1/2	18 1/2
Chas. #287							
	240	18 1/2	28	35	4	14 1/2	17 1/2
	260	7	17 1/2	23	14	18 1/2	21 1/2
Chemical #288							
	460	22	44	56	18 1/2	24 1/2	25 1/2
	500	8 1/2	25 1/2	30	30	30	30
Comcast #289							
	240	18 1/2	25	34 1/2	17 1/2	18 1/2	19 1/2
	260	7	15 1/2	14 1/2	17 1/2	19 1/2	19 1/2
Corbin #290							
	360	7 1/2	14 1/2	23	26	33 1/2	34 1/2
Shell Trans. #291							
	500	35 1/2	44 1/2	50 1/2	7 1/2	11 1/2	18 1/2
	550	6	18	23 1/2	37 1/2	40 1/2	46 1/2
Shenstone #292							
	110	8	18 1/2	13	4	7	6
	120	3 1/2	6	10 1/2	13 1/2	14 1/2	14 1/2
Tridinger #293							
	240	18	24	32	9 1/2	18 1/2	21 1/2
	260	7	15 1/2	23	21 1/2	21 1/2	21 1/2
Ud. Rheats #294							
	290	29	29	37	10	14 1/2	19
	450	6	13 1/2	22	20 1/2	31	37

CALLS							
Aug	261	172	123	75	37	18 1/2	17 1/2
Sept	261	172	123	75	37	18 1/2	17 1/2
Oct	267	210	130	132	96	66 1/2	61 1/2
Nov	275	231	151	151	118	88 1/2	81 1/2
Dec	281	3	3	3	158	82	82
Jan	370	300	300	300	300	300	300
Feb	370	300	300	300	300	300	300
Mar	370	300	300	300	300	300	300
Apr	370	300	300	300	300	300	300
May	370	300	300	300	300	300	300
Jun	370	300	300	300	300	300	300
Jul	370	300	300	300	300	300	300
PUTS							
Aug	56	1	1 1/2	4 1/2	42 1/2	67	130 1/2
Sept	56	1	1 1/2	4 1/2	42 1/2	67	130 1/2
Oct	56	1	1 1/2	4 1/2	42 1/2	67	130 1/2
Nov	56	1	1 1/2	4 1/2	42 1/2	67	130 1/2
Dec	56	1	1 1/2	4 1/2	42 1/2	67	130 1/2
Jan	56	1	1 1/2	4 1/2	42 1/2	67	130 1/2
Feb	56	1	1 1/2	4 1/2	42 1/2	67	130 1/2
Mar	56	1	1 1/2	4 1/2	42 1/2	67	130 1/2
Apr	56	1	1 1/2	4 1/2	42 1/2	67	130 1/2
May	56	1	1 1/2	4 1/2	42 1/2	67	130 1/2
Jun	56	1	1 1/2	4 1/2	42 1/2	67	130 1/2
Jul	56	1	1 1/2	4 1/2	42 1/2	67	130 1/2
August 18 Total Contracts 17,177 Calls 10,719 Puts 6,458 F1400 Index C2 2009 Price 1,499 Total F1400 C2 2009 Price 1,499 *Including inventory price. 1 Long dated equity call Premiums shown are based on midline prices.							

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**FINANCIAL TIMES CONFERENCES**

# THE CHALLENGE OF THE NEW EUROPE

LONDON – 7 October, 1991

and the Council of Foreign Chambers of Commerce in the UK, offers an exceptional opportunity to gain insight into the thinking of leading industry figures from Europe, the US and Japan on the

On leading industry figures from Europe, the US and Japan on the new Europe which is opening up. The new business opportunities and risks will be assessed, as well as the challenges for management as Europe undergoes further shifts in industry structure and patterns of competition.

Speakers include:

<b>Dr Carl H Hahn</b> Volkswagen AG	<b>Mr Anders Scharp</b> AB Electrolux
<b>Sir Allen Sheppard</b> Grand Metropolitan plc	<b>Mr Koichiro Ejiri</b> Mitsui & Co, Ltd
<b>M. Francis Lorentz</b> Groupe Bull	<b>Dr Belmiro de Azevedo</b> Sonae Investimentos, SGPS, SA

A FINANCIAL TIMES CONFERENCE

# THE COUNCIL OF FOREIGN CHAMBERS OF COMMERCE IN THE UNITED KINGDOM



## INTERNATIONAL COMPANIES AND FINANCE

## Electrolux holds decline in first-half profit to 9%

By Robert Taylor in Stockholm

ELECTROLUX, the world's largest white goods manufacturer, has turned in better than expected first-half results with a 9 per cent fall in profits (after financial items) to SKr917m (\$145.6m) from SKr1,010m for the same period last year. The result came after a 7 per cent decline in sales to SKr40,777bn from SKr43,648bn.

There was a slight improvement in the company's overall performance during the second quarter with a profit (after financial items) of SKr5,030m, compared with SKr5,000m, though sales dropped by 4 per cent to SKr21,538bn.

However, the company is taking a cautious longer-term view. Despite strong sales growth, at the beginning of the second quarter in the aftermath of the Gulf war, "a weaker trend became evident again towards the end of the period".

The company admitted that there have been "no definite signs of an upswing in business conditions in the group's major markets". Demand was lower in its important North American and British markets during the second quarter than it had been for the same period of 1990 and there were signs of demand also slackening across the Nordic region.

While demand for its products in Germany continued to be strong, the rate of increase in sales there was starting to diminish.

Mr Anders Scharp, chairman, was careful not to give any prognosis for the rest of the year. Much of the improvement in the first six months stemmed from the savings made through Electrolux's restructuring programme that began last autumn in response to falling demand. This helped to improve the company's operating income in Europe though

the position in North America remained "unsatisfactory".

The performance of the company's important household appliances division was mixed. First-half sales fell by 2 per cent to SKr22,588bn but rose by 1 per cent in the second quarter to SKr11,980bn.

In commercial appliances sales rose 4 per cent in the first half to SKr4,376bn while there was a 3 per cent improvement in the second quarter to SKr2,368bn. By contrast there was a 4 per cent drop in the first half sales in the outdoor products division to SKr5,588bn with a fall in US demand both for garden equipment and saws.

The industrial products side continued to cause difficulties with an 11 per cent fall in the first half to SKr7,458bn, but the worst performance was in commercial services with a 71 per cent slide in second-quarter sales to SKr311m from SKr2,338bn.

## Saab Auto cuts losses in second quarter

By Robert Taylor

SAAB AUTOMOBILE, the company jointly owned by General Motors of America and Scania-Scania, registered net losses of SKr699m (\$111m) in the second quarter, a 20 per cent reduction on the losses of SKr879m sustained in the same period last year. Sales revenue rose slightly by 5 per cent to SKr4,088bn from SKr3,838bn.

The income improvement suggests that the ailing company is beginning to see slow signs of recovery mainly as a result of its drastic restructuring programme.

Losses (after financial items) for the first half totalled SKr1,738bn compared with SKr1,548bn for the same period of last year. In 1990 as a whole - its first full year of operation - Saab Automobile incurred a loss of SKr4,648bn.

Saab said it expected the improving trend of wealth includes one of the country's best art collections - the corporate dining room sports a Ruffino Tamayo on one wall and a Jose Maria Velasco on the other - and a head office which ranks as one of the finest examples of colonial architecture.

Up for grabs is the remaining 70 per cent of the bank unsold from the first privatisation. At the centre of the battle between two rival camps, which include many of the country's leading financial figures, is a 31 per cent share in the bank. The two competing groups will each receive 15 per cent of the bank in a sealed envelope; another 15 per cent of the bank is reserved for regional board members of Banamex.

## Philips, Sony in licence talks

PHILIPS of the Netherlands and Sony of Japan are involved in talks aimed at averting a battle over the new standard for digital recording technology, writes Michael Skapinker.

The two electronics companies are looking at the possibility of licensing each other's digital recording systems. Philips' Digital Compact Cassette (DCC) and Sony's Mini Disc both aim to replace the traditional audio cassette in the same way as the compact disc has supplanted the vinyl record. The companies developed the compact disc jointly.

Philips' recording system, due to be launched next year, has already gained the support of Matsushita of Japan, the world's largest electronics company. Philips also claims the backing of international music companies such as PolyGram, EMI, Bertelsmann and Warner.

## Mannesmann 27% down at halfway

By David Goodhart in Bonn

MANNESMANN, the German engineering group, yesterday reported a 27 per cent fall in post-tax profits for the first six months to DM12.4bn. Sales in businesses abroad fell 10 per cent. The company pointed to Brazil, where sales fell by 37 per cent to DM220m, and the restructuring of eastern Europe.

Sales in the machinery and plant building division, covering predominantly the two companies Demag and Rexroth, fell by 15 per cent to DM4.5bn, although new orders fell by only 3 per cent.

The motor technology division, predominantly Fichtel & Sachs, saw sales fall by 1 per

cent to DM1.5bn and orders shrink 2 per cent. The electronics division, predominantly Hartmann & Braun, fell by 10 per cent to DM1.1bn, and orders fell by 11 per cent, but that was partly because of the sale of the computer group Kienzle.

The more positive results from Krauss-Maffei, the information technology group, and the steel tubes and trade divisions could not compensate for the weaknesses elsewhere, especially in Brazil and machine building.

The steel tube division increased sales by 2 per cent to

DM2.2bn and the trade division also increased sales by 5 per cent to DM2.2bn.

The number of employees was reduced by 3 per cent to 121,400 and the company invested a total of DM500m - an increase of 6 per cent. Much of that went into the building of the D2 mobile telephone network. Although this should begin operation before the year-end, a crucial determinant of future profitability, the cost of leased lines has still not been agreed with Telekom, the state-owned telephone operator which is starting its own DI mobile telephone system.

## Hewlett earnings disappoint

By Karen Zagor in New York

HEWLETT-PACKARD'S stock price fell sharply yesterday when the computer and electronics group reported lower than expected third-quarter earnings. Although HP characterized the quarterly results as "reasonably good", Wall Street's assessment was more harsh. Net revenue rose 9 per cent to \$3.5bn from \$3.2bn in the same period last year. Net earnings for the quarter were \$122m, or 76 cents a share, up from \$178m or 73 cents.

Analysts had projected earnings per share for the quarter of around 84 cents. The stock price declined to \$50 1/2 by midday, down from a Thursday close of \$54 1/2.

"Our results were reasonably

good this quarter," said Mr John A. Young, HP president and chief executive officer. "Orders were satisfactory and the economic climate, and we continued to make progress in managing operating expenses. But growth was slower in some of our businesses, and we had hoped to achieve better operating performance."

Sales of computers and measurement systems, HP's largest business segment, declined by 2 per cent in the quarter, although new orders rose a healthy 11 per cent. Analysts noted that the slow computer market has prompted heavy price discounting throughout the industry.

HP said sales of its latest computer products, which include Risc-based instruction set computer systems and workstations "showed real strength" and that orders for its new miniature "palmtop" personal computer were strong.

HP's cost of goods sold as a percentage of net revenue rose to 54.2 per cent for the quarter, from last year's 53.7 per cent, raising some concerns among industry analysts.

For the nine months ended July 31, net revenue was \$10.7bn, up 10 per cent from the \$9.7bn for the same fiscal 1990 period. Net earnings were \$600m or \$2.52 a share, up from \$577m or \$2.23.

## Shawmut soars on bid hopes

By Karen Zagor

SPECULATION that BankAmerica might continue its expansionist streak by moving east and acquiring Shawmut National helped shares in Shawmut hit new 52-week highs yesterday morning in extraordinarily heavy trading.

Shawmut, a Connecticut-based bank which has been under pressure from US regulators to staunch its recent losses, has been rumored to be a merger candidate for many months with BankAmerica, the likelihood of which has been a major factor in its stock price.

At midday yesterday, shares in Shawmut had climbed 3 1/2% to \$10 1/2, while BankAmerica was off 1/4% at \$42 1/2. Shawmut's stock has traded as low as \$2 1/2 in the last 12 months.

BankAmerica, which this week announced a \$4.5bn merger with Security Pacific in the biggest merger in US banking history, is transforming itself across the American west and maintaining its position as the second biggest US bank.

It is believed that BankAmerica is looking east to start challenging Citicorp, the biggest US bank, as a national bank and to take advantage of Citicorp's recent weakness.

A number of analysts, however, are sceptical about the likelihood of BankAmerica acquiring Shawmut before digesting Security Pacific.

Mr Charles Peabody, an analyst at Kidder, Peabody said: "BankAmerica's own capital

will be impaired by goodwill from the Security Pacific merger and it would have to raise significant capital to support a Shawmut acquisition. In addition it would probably have to be done on a pooling basis which would force BankAmerica to inherit Shawmut's credit risk and that's not something you want to do in this environment."

As for taking advantage of Citicorp's weakness, many analysts believe BankAmerica will have years to act. A recent review of Citicorp by Kidder, Peabody estimates that Citicorp is unlikely to earn \$2 a share before 1993, in spite of expectations of an improvement in the second half of 1991.

## WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1991	Low 1991
Gold per troy oz.	\$388.15	-0.20	\$408.5	\$392.25	\$393.55
Silver per troy oz.	238.85p	+2.25	272.80p	280.55	183.35p
Aluminium 99.97% (cash)	\$1244.5	-27	\$1795	\$1570	\$1227
Copper Grade A (cash)	\$1124.75	+0.75	\$1575	\$1472	\$1241.0
Lead (cash)	\$217.5	+1.25	\$249.0	\$232.5	\$222.5
Nickel (cash)	\$181.50	-1.90	\$1125.00	\$923.75	\$811.0
tin (cash)	\$1027.5	-3.5	\$1600.5	\$1430	\$1030
tin (cash)	\$2597.5	-5.5	\$2615	\$2515	\$1784
Cocoa Futures (Dec)	\$708	+12	\$672	\$714	\$568
Cocoa Futures (Nov)	\$708	+12	\$672	\$714	\$568
Barley Futures (Nov)	\$234	-0.25	\$114.90	\$121.50	\$107.75
Wheat Futures (Nov)	\$124.00	-3.3	\$116.05	\$141.10	\$111.80
Cotton Futures (Nov)	\$1.17	-0.02	\$1.17	\$1.17	\$1.17
Wool (44 Super)	\$267	-0.05	\$265.50	\$265.50	\$265.50
Oil (Brent Blend)	\$19.53x	+0.025	\$20.50	\$25.15	\$16.75

For time unless otherwise stated. Tolerance: p-pence/oz, c-cents lb, x-Oct.

## London Markets

SPOT MARKETS	Close	Previous	High/Low
Gold (per troy oz.)	388.15	-0.2	
Silver (per troy oz.)	238.85p	+2.25	
Aluminium 99.97% (cash)	\$1244.5	-27	
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Wool (44 Super)	\$267	-0.05	
Oil (Brent Blend)	\$19.53x	+0.025	
Other			

COCOA - London FOEX				Volume
	Close	Previous	High/Low	
Sep	678	667	679 680	
Dec	708	708	711 699	
Mar	740	741	744 733	
Jun	758	759	761 751	
Jul	778	778	780 787	
Sep	793	795	797 787	
Dec	821	821	830 811	
Mar	843	843	845 835	
May	860	859	862 853	
Jul	877	877	878 874	
Turnover: 5633 (7976) lots of 10 tonnes				
ICCO indicator prices (\$/tonne per tonne). Daily prices for Aug 15/85 (\$141.42) 10 day average for Aug 15/85 (\$145.82)				
COFFEE - London FOEX				Volume
	Close	Previous	High/Low	
Sep	511	508	513 505	
Nov	538	531	537 529	
Jan	559	563	560 551	
Mar	578	579	578 586	
Turnover: 4514 (2270) lots of 5 tonnes				



## CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

## Economic data buoy dollar

THE DOLLAR rose above DM1.7600 in Europe yesterday, buoyed by US economic data. June's trade deficit fell by 10 per cent to \$4.02bn, the lowest level for eight years. Forecasts for the trade deficit centred around \$4.5bn. The May deficit was revised up to \$4.79bn from \$4.5bn.

But for the dollar with Japan the US would have been close to achieving balance in its trade position. The June trade deficit with Japan widened to \$3.23bn, from \$2.95bn in May, accounting for nearly three quarters of the total.

US industrial production rose 0.5 per cent in July. This was below the June figure of 0.6 per cent, but above expectations of 0.3 per cent. A capacity utilisation figure of 79.7 was also above most forecasts. Economists said that the manufacturing sector continues to show moderate growth.

After touching a peak of DM1.7640 the dollar fell to DM1.7600 in London, compared

lower than expected. This included privatisation proceeds of \$1.24bn and was regarded as disappointing, but was partly a result of the unemployment benefit payments, as a result of the recession.

The pound remained the third weakest member of the ERM. There was little movement in the mechanism, apart from a rise of the franc by the Danish kroner, to be replaced by the French franc. The French franc rose from FF230.25, but was unchanged at DM1.0000 and FF29.9500 from FF29.9500. Sterling's index fell 0.3 to 90.3.

There was little reaction to US economic news as attention remained focused on the dollar and the D-Mark. The UK retail price index fell 0.2 per cent in July, bringing the year-on-year inflation rate down to the lowest level for three years, at 5.5 per cent. Underlying inflation was steady.

A public sector debt repayment of £960m in July was

## FINANCIAL FUTURES AND OPTIONS

LIVERPOOL FUTURES MARKET			
Contract	Settle	Open	Close
Oil	23.25	23.25	23.25
Gold	325.00	325.00	325.00
Silver	10.00	10.00	10.00
Platinum	100.00	100.00	100.00
Aluminium	1.50	1.50	1.50
Zinc	0.80	0.80	0.80
Copper	0.40	0.40	0.40
Nickel	0.10	0.10	0.10
Lead	0.05	0.05	0.05
Iron	0.01	0.01	0.01

LIVERPOOL FUTURES MARKET			
Contract	Settle	Open	Close
Oil	23.25	23.25	23.25
Gold	325.00	325.00	325.00
Silver	10.00	10.00	10.00
Platinum	100.00	100.00	100.00
Aluminium	1.50	1.50	1.50
Zinc	0.80	0.80	0.80
Copper	0.40	0.40	0.40
Nickel	0.10	0.10	0.10
Lead	0.05	0.05	0.05
Iron	0.01	0.01	0.01

LIVERPOOL FUTURES MARKET			
Contract	Settle	Open	Close
Oil	23.25	23.25	23.25
Gold	325.00	325.00	325.00
Silver	10.00	10.00	10.00
Platinum	100.00	100.00	100.00
Aluminium	1.50	1.50	1.50
Zinc	0.80	0.80	0.80
Copper	0.40	0.40	0.40
Nickel	0.10	0.10	0.10
Lead	0.05	0.05	0.05
Iron	0.01	0.01	0.01

## C IN NEW YORK

Aug 16	Latest	Previous
Gold	325.00	325.00
Silver	10.00	10.00
Platinum	100.00	100.00
Aluminium	1.50	1.50
Zinc	0.80	0.80
Copper	0.40	0.40
Nickel	0.10	0.10
Lead	0.05	0.05
Iron	0.01	0.01

## STERLING INDEX

Aug 16	Latest	Previous
Gold	325.00	325.00
Silver	10.00	10.00
Platinum	100.00	100.00
Aluminium	1.50	1.50
Zinc	0.80	0.80
Copper	0.40	0.40
Nickel	0.10	0.10
Lead	0.05	0.05
Iron	0.01	0.01

## CURRENCY MOVEMENTS

Aug 16	Latest	Previous
Gold	325.00	325.00
Silver	10.00	10.00
Platinum	100.00	100.00
Aluminium	1.50	1.50
Zinc	0.80	0.80
Copper	0.40	0.40
Nickel	0.10	0.10
Lead	0.05	0.05
Iron	0.01	0.01

## CURRENCY RATES

Aug 16	Latest	Previous
Gold	325.00	325.00
Silver	10.00	10.00
Platinum	100.00	100.00
Aluminium	1.50	1.50
Zinc	0.80	0.80
Copper	0.40	0.40
Nickel	0.10	0.10
Lead	0.05	0.05
Iron	0.01	0.01

## OTHER CURRENCIES

Aug 16	Latest	Previous
Gold	325.00	325.00
Silver	10.00	10.00
Platinum	100.00	100.00
Aluminium	1.50	1.50
Zinc	0.80	0.80
Copper	0.40	0.40
Nickel	0.10	0.10
Lead	0.05	0.05
Iron	0.01	0.01

## FORWARD RATES

Aug 16	Latest	Previous
Gold	325.00	325.00
Silver	10.00	10.00
Platinum	100.00	100.00
Aluminium	1.50	1.50
Zinc	0.80	0.80
Copper	0.40	0.40
Nickel	0.10	0.10
Lead	0.05	0.05
Iron	0.01	0.01

## MONEY MARKETS

Aug 16	Latest	Previous
Gold	325.00	325.00
Silver	10.00	10.00
Platinum	100.00	100.00
Aluminium	1.50	1.50
Zinc	0.80	0.80
Copper	0.40	0.40
Nickel	0.10	0.10
Lead	0.05	0.05
Iron	0.01	0.01

## LONDON RATES STEADY

Aug 16	Latest	Previous
Gold	325.00	325.00
Silver	10.00	10.00
Platinum	100.00	100.00
Aluminium	1.50	1.50
Zinc	0.80	0.80
Copper	0.40	0.40
Nickel	0.10	0.10
Lead	0.05	0.05
Iron	0.01	0.01

## INTEREST RATES

Aug 16	Latest	Previous
Gold	325.00	325.00
Silver	10.00	10.00
Platinum	100.00	100.00
Aluminium	1.50	1.50
Zinc	0.80	0.80
Copper	0.40	0.40
Nickel	0.10	0.10
Lead	0.05	0.05
Iron	0.01	0.01

## MONEY RATES

Aug 16	Latest	Previous
Gold	325.00	325.00
Silver	10.00	10.00
Platinum	100.00	100.00
Aluminium	1.50	1.50
Zinc	0.80	0.80
Copper	0.40	0.40
Nickel	0.10	0.10
Lead	0.05	0.05
Iron	0.01	0.01

## LONDON MONEY RATES

Aug 16	Latest	Previous
Gold	325.00	325.00
Silver	10.00	10.00
Platinum	100.00	100.00
Aluminium	1.50	1.50
Zinc	0.80	0.80
Copper	0.40	0.40
Nickel	0.10	0.10
Lead	0.05	0.05
Iron	0.01	0.01

## SUFFOLK

Aug 16	Latest	Previous
Gold	325.00	325.00
Silver	10.00	10.00
Platinum	100.00	100.00
Aluminium	1.50	1.50
Zinc	0.80	0.80
Copper	0.40	0.40
Nickel	0.10	0.10
Lead	0.05	0.05
Iron	0.01	0.01

## FT LONDON INTERBANK FIXING

Aug 16	Latest	Previous
Gold	325.00	325.00
Silver	10.00	10.00
Platinum	100.00	100.00
Aluminium	1.50	1.50
Zinc	0.80	0.80
Copper	0.40	0.40
Nickel	0.10	0.10
Lead	0.05	0.05
Iron	0.01	0.01

## MONEY RATES

Aug 16	Latest	Previous
Gold	325.00	325.00
Silver	10.00	10.00
Platinum	100.00	100.00
Aluminium	1.50	1.50
Zinc	0.80	0.80
Copper	0.40	0.40
Nickel	0.10	0.10
Lead	0.05	0.05
Iron	0.01	0.01

## LONDON MONEY RATES

Aug 16	Latest	Previous
Gold	325.00	325.00
Silver	10.00	10.00
Platinum	100.00	100.00
Aluminium	1.50	1.50
Zinc	0.80	0.80
Copper	0.40	0.40
Nickel	0.10	0.10
Lead	0.05	0.05
Iron	0.01	0.01

## SUFFOLK

Aug 16	Latest	Previous
Gold	325.00	325.00
Silver	10.00	10.00
Platinum	100.00	100.00
Aluminium	1.50	1.50
Zinc	0.80	0.80
Copper	0.40	0.40
Nickel	0.10	0.10
Lead	0.05	0.05
Iron	0.01	0.01

## FT LONDON INTERBANK FIXING

Aug 16	Latest	Previous
Gold	325.00	325.00
Silver	10.00	10.00
Platinum	100.00	100.00
Aluminium	1.50	1.50
Zinc	0.80	0.80
Copper	0.40	0.40
Nickel	0.10	0.10
Lead	0.05	0.05
Iron	0.01	0.01

## MONEY RATES

Aug 16	Latest	Previous
Gold	325.00	325.00
Silver	10.00	10.00
Platinum	100.00	100.00
Aluminium	1.50	1.50
Zinc	0.80	0.80
Copper	0.40	0.40
Nickel	0.10	0.10
Lead	0.05	0.05
Iron	0.01	0.01

## LONDON MONEY RATES

Aug 16	Latest	Previous
Gold	325.00	325.00
Silver	10.00	10.00
Platinum	100.00	100.00
Aluminium	1.50	1.50
Zinc	0.80	0.80
Copper	0.40	0.40
Nickel	0.10	0.10
Lead	0.05	0.05
Iron	0.01	0.01

## SUFFOLK

Aug 16	Latest	Previous
Gold	325.00	325.00
Silver	10.00	10.00
Platinum	100.00	100.00
Aluminium	1.50	1.50
Zinc	0.80	0.80
Copper	0.40	0.40
Nickel	0.10	0.10
Lead	0.05	0.05
Iron	0.01	0.01

## FT LONDON INTERBANK FIXING

Aug 16	Latest	Previous
Gold	325.00	325.00
Silver	10.00	10.00
Platinum	100.00	100.00
Aluminium	1.50	1.50
Zinc	0.80	0.80
Copper	0.40	0.40
Nickel	0.10	0.10
Lead	0.05	0.05
Iron	0.01	0.01

## MONEY RATES

Aug 16	Latest	Previous
Gold	325.00	325.00
Silver	10.00	10.00
Platinum	100.00	100.00
Aluminium	1.50	1.50
Zinc	0.80	0.80
Copper	0.40	0.40
Nickel	0.10	0.10
Lead	0.05	0.05
Iron	0.01	0.01

## LONDON MONEY RATES

Aug 16	Latest	Previous
Gold	325.00	325.00
Silver	10.00	10.00
Platinum	100.00	100.00
Aluminium	1.50	1.50
Zinc	0.80	0.80
Copper	0.40	0.40
Nickel	0.10	0.10
Lead	0.05	0.05
Iron	0.01	0.01

## MONEY MARKET FUNDS

## Money Market Trust Funds

Aug 16	Latest	Previous
Gold	325.00	325.00
Silver	10.00	10.00
Platinum	100.00	100.00
Aluminium	1.50	1.50
Zinc	0.80	0.80
Copper	0.40	0.40
Nickel	0.10	0.10
Lead	0.05	0.05
Iron	0.01	0.01

## Money Market Bank Accounts

Aug 16	Latest	Previous
Gold	325.00	325.00
Silver	10.00	10.00
Platinum	100.00	100.00
Aluminium	1.50	1.50
Zinc	0.80	0.80
Copper	0.40	0.40
Nickel	0.10	0.10
Lead	0.05	0.05
Iron	0.01	0.01

## Money Market Bank Accounts

<b>Bank Accounts</b>		Cmpt. CAR		Int. Cr		
Aug	Net					
AIB Bank High Interest Cheque Account		0800 282115		Financial & General Bank plc		
Belmont Rd, Uxbridge UB8 1SA				17, Bedford Way, London EC4A 3DF		











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Jap OTC Stocks	512.07	-0.7
Jap Sm Contr	516.92	
Korea Fd W	24.60	

[illegible]

Private Fund Managers International Ltd  
Global Strategy Portfolio

[illegible]

AM Europe	590.82	
AM Europe Fd	577.14	-0.2
AM France	581.47	

[illegible]

AM Pacific	\$954.82	-9.1
AM Pacific Basin Fil.	\$131.17	-1.5
AM Reconstruction	\$144.46	-1.5

[illegible]

AM (CN) Medical	SFr 130.00
AM (CN) America	SFr 179.00
AM (CN) Pacific	SFr 198.00

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Page 10 of 10

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The India Magazine Fund NV

[illegible]

Monthly Fd NAV Aug 24...	28.50
Index Fd NAV Aug 24...	220.77
Income Fund Fund	

[illegible]

AF America Traveler	520.19	21.90	-
AF Australia Tel	84.22	4.47	+0

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AF Pacific Hq. (Hq.)	223.41
AF Pacific Svc. Tpt. Co.	223.41
AF Philippine Tm.	223.41

[illegible]

JF Money Mkt	51.00
JF Money Mkt	51.00
JF Money Mkt	51.00

[illegible]

NAV Aug 16 Wm 25,041.73 IDR value US\$

[illegible]

Lloyds Int'l Dollar	\$116.20	113.70
Lloyds Int'l Europe	\$172.70	164.90
Lloyds Int'l Growth	\$194.90	210.00

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Malaysia Growth Fund		
NAV Aug 2, 2000	\$1.22	
Malaysia Select Fund Ltd		

[illegible]

FRANK MINT LTD PLC...	S111.46
MINT So Res Ltd (COMP)...	K105.99
FRANK MINT LTD PLC...	S111.46
MINT So Res Ltd (COMP)...	K105.99

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India Fed NAV Aug 15...	2.48
Japan Crd Bill NAV Aug 9	58.15
Indo-Canp DH NAV	5
U. S. Govt Debt Aug 18	85.10

Commercial Relations Department; Luxembourg: Institut  
Monétaire Luxembourgais.

Montaire Limestone grade.











## LONDON SHARE SERVICE

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## AMERICANS

1991	Stock	Price	Div	Yield	PE
100	Abbott Laboratories	51.00	0.50	0.98	15.00
101	Abbott Laboratories	51.00	0.50	0.98	15.00
102	Abbott Laboratories	51.00	0.50	0.98	15.00
103	Abbott Laboratories	51.00	0.50	0.98	15.00
104	Abbott Laboratories	51.00	0.50	0.98	15.00
105	Abbott Laboratories	51.00	0.50	0.98	15.00
106	Abbott Laboratories	51.00	0.50	0.98	15.00
107	Abbott Laboratories	51.00	0.50	0.98	15.00
108	Abbott Laboratories	51.00	0.50	0.98	15.00
109	Abbott Laboratories	51.00	0.50	0.98	15.00
110	Abbott Laboratories	51.00	0.50	0.98	15.00

## CANADIANS

1991	Stock	Price	Div	Yield	PE
111	Alcan Inc.	10.00	0.10	1.00	10.00
112	Alcan Inc.	10.00	0.10	1.00	10.00
113	Alcan Inc.	10.00	0.10	1.00	10.00
114	Alcan Inc.	10.00	0.10	1.00	10.00
115	Alcan Inc.	10.00	0.10	1.00	10.00
116	Alcan Inc.	10.00	0.10	1.00	10.00
117	Alcan Inc.	10.00	0.10	1.00	10.00
118	Alcan Inc.	10.00	0.10	1.00	10.00
119	Alcan Inc.	10.00	0.10	1.00	10.00
120	Alcan Inc.	10.00	0.10	1.00	10.00

## BANKS, HP &amp; LEASING

1991	Stock	Price	Div	Yield	PE
121	Bank of America	25.00	0.50	2.00	12.50
122	Bank of America	25.00	0.50	2.00	12.50
123	Bank of America	25.00	0.50	2.00	12.50
124	Bank of America	25.00	0.50	2.00	12.50
125	Bank of America	25.00	0.50	2.00	12.50
126	Bank of America	25.00	0.50	2.00	12.50
127	Bank of America	25.00	0.50	2.00	12.50
128	Bank of America	25.00	0.50	2.00	12.50
129	Bank of America	25.00	0.50	2.00	12.50
130	Bank of America	25.00	0.50	2.00	12.50

## BEERS, WINES &amp; SPIRITS

1991	Stock	Price	Div	Yield	PE
131	Beck's Beer	15.00	0.10	0.67	22.50
132	Beck's Beer	15.00	0.10	0.67	22.50
133	Beck's Beer	15.00	0.10	0.67	22.50
134	Beck's Beer	15.00	0.10	0.67	22.50
135	Beck's Beer	15.00	0.10	0.67	22.50
136	Beck's Beer	15.00	0.10	0.67	22.50
137	Beck's Beer	15.00	0.10	0.67	22.50
138	Beck's Beer	15.00	0.10	0.67	22.50
139	Beck's Beer	15.00	0.10	0.67	22.50
140	Beck's Beer	15.00	0.10	0.67	22.50

## BUILDING, TIMBER, ROADS

1991	Stock	Price	Div	Yield	PE
141	Bechtel AG	100.00	1.00	1.00	100.00
142	Bechtel AG	100.00	1.00	1.00	100.00
143	Bechtel AG	100.00	1.00	1.00	100.00
144	Bechtel AG	100.00	1.00	1.00	100.00
145	Bechtel AG	100.00	1.00	1.00	100.00
146	Bechtel AG	100.00	1.00	1.00	100.00
147	Bechtel AG	100.00	1.00	1.00	100.00
148	Bechtel AG	100.00	1.00	1.00	100.00
149	Bechtel AG	100.00	1.00	1.00	100.00
150	Bechtel AG	100.00	1.00	1.00	100.00

## BUILDING, TIMBER, ROADS - Contd

1991	Stock	Price	Div	Yield	PE
151	Bechtel AG	100.00	1.00	1.00	100.00
152	Bechtel AG	100.00	1.00	1.00	100.00
153	Bechtel AG	100.00	1.00	1.00	100.00
154	Bechtel AG	100.00	1.00	1.00	100.00
155	Bechtel AG	100.00	1.00	1.00	100.00
156	Bechtel AG	100.00	1.00	1.00	100.00
157	Bechtel AG	100.00	1.00	1.00	100.00
158	Bechtel AG	100.00	1.00	1.00	100.00
159	Bechtel AG	100.00	1.00	1.00	100.00
160	Bechtel AG	100.00	1.00	1.00	100.00

## CHEMICALS, PLASTICS

1991	Stock	Price	Div	Yield	PE
161	Chemical Bank	10.00	0.10	1.00	10.00
162	Chemical Bank	10.00	0.10	1.00	10.00
163	Chemical Bank	10.00	0.10	1.00	10.00
164	Chemical Bank	10.00	0.10	1.00	10.00
165	Chemical Bank	10.00	0.10	1.00	10.00
166	Chemical Bank	10.00	0.10	1.00	10.00
167	Chemical Bank	10.00	0.10	1.00	10.00
168	Chemical Bank	10.00	0.10	1.00	10.00
169	Chemical Bank	10.00	0.10	1.00	10.00
170	Chemical Bank	10.00	0.10	1.00	10.00

## DRAPERY AND STORES

1991	Stock	Price	Div	Yield	PE
171	Debenhams	10.00	0.10	1.00	10.00
172	Debenhams	10.00	0.10	1.00	10.00
173	Debenhams	10.00	0.10	1.00	10.00
174	Debenhams	10.00	0.10	1.00	10.00
175	Debenhams	10.00	0.10	1.00	10.00
176	Debenhams	10.00	0.10	1.00	10.00
177	Debenhams	10.00	0.10	1.00	10.00
178	Debenhams	10.00	0.10	1.00	10.00
179	Debenhams	10.00	0.10	1.00	10.00
180	Debenhams	10.00	0.10	1.00	10.00

## ELECTRICITY

1991	Stock	Price	Div	Yield	PE
181	Electricity	10.00	0.10	1.00	10.00
182	Electricity	10.00	0.10	1.00	10.00
183	Electricity	10.00	0.10	1.00	10.00
184	Electricity	10.00	0.10	1.00	10.00
185	Electricity	10.00	0.10	1.00	10.00
186	Electricity	10.00	0.10	1.00	10.00
187	Electricity	10.00	0.10	1.00	10.00
188	Electricity	10.00	0.10	1.00	10.00
189	Electricity	10.00	0.10	1.00	10.00
190	Electricity	10.00	0.10	1.00	10.00

## ELECTRICITY

1991	Stock	Price	Div	Yield	PE
191	Electricity	10.00	0.10	1.00	10.00
192	Electricity	10.00	0.10	1.00	10.00
193	Electricity	10.00	0.10	1.00	10.00
194	Electricity	10.00	0.10	1.00	10.00
195	Electricity	10.00	0.10	1.00	10.00
196	Electricity	10.00	0.10	1.00	10.00
197	Electricity	10.00	0.10	1.00	10.00
198	Electricity	10.00	0.10	1.00	10.00
199	Electricity	10.00	0.10	1.00	10.00
200	Electricity	10.00	0.10	1.00	10.00

## DRAPERY AND STORES - Contd

1991	Stock	Price	Div	Yield	PE
201	Debenhams	10.00	0.10	1.00	10.00
202	Debenhams	10.00	0.10	1.00	10.00
203	Debenhams	10.00	0.10	1.00	10.00
204	Debenhams	10.00	0.10	1.00	10.00
205	Debenhams	10.00	0.10	1.00	10.00
206	Debenhams	10.00	0.10	1.00	10.00
207	Debenhams	10.00	0.10	1.00	10.00
208	Debenhams	10.00	0.10	1.00	10.00
209	Debenhams	10.00	0.10	1.00	10.00
210	Debenhams	10.00	0.10	1.00	10.00

## ELECTRICALS

1991	Stock	Price	Div	Yield	PE
211	Electricals	10.00	0.10	1.00	10.00
212	Electricals	10.00	0.10	1.00	10.00
213	Electricals	10.00	0.10	1.00	10.00
214	Electricals	10.00	0.10	1.00	10.00
215	Electricals	10.00	0.10	1.00	10.00
216	Electricals	10.00	0.10	1.00	10.00
217	Electricals	10.00	0.10	1.00	10.00
218	Electricals	10.00	0.10	1.00	10.00
219	Electricals	10.00	0.10	1.00	10.00
220	Electricals	10.00	0.10	1.00	10.00

## ELECTRICITY

1991	Stock	Price	Div	Yield	PE
221	Electricity	10.00	0.10	1.00	10.00
222	Electricity	10.00	0.10	1.00	10.00
223	Electricity	10.00	0.10	1.00	10.00
224	Electricity	10.00	0.10	1.00	10.00
225	Electricity	10.00	0.10	1.00	10.00
226	Electricity	10.00	0.10	1.00	10.00
227	Electricity	10.00	0.10	1.00	10.00
228	Electricity	10.00	0.10	1.00	10.00
229	Electricity	10.00	0.10	1.00	10.00
230	Electricity	10.00	0.10	1.00	10.00

## ELECTRICITY

1991	Stock	Price	Div	Yield	PE
231	Electricity	10.00	0.10	1.00	10.00
232	Electricity	10.00	0.10	1.00	10.00
233	Electricity	10.00	0.10	1.00	10.00
234	Electricity	10.00	0.10	1.00	10.00
235	Electricity	10.00	0.10	1.00	10.00
236	Electricity	10.00	0.10	1.00	10.00
237	Electricity	10.00	0.10	1.00	10.00
238	Electricity	10.00	0.10	1.00	10.00
239	Electricity	10.00	0.10	1.00	10.00
240	Electricity	10.00	0.10	1.00	10.00

## ELECTRICITY

1991	Stock	Price	Div	Yield	PE
241	Electricity	10.00	0.10	1.00	10.00
242	Electricity	10.00	0.10	1.00	10.00
243	Electricity	10.00	0.10	1.00	10.00
244	Electricity	10.00	0.10	1.00	10.00
245	Electricity	10.00	0.10	1.00	10.00
246	Electricity	10.00	0.10	1.00	10.00
247	Electricity	10.00	0.10	1.00	10.00
248	Electricity	10.00	0.10	1.00	10.00
249	Electricity	10.00	0.10	1.00	10.00
250	Electricity	10.00	0.10	1.00	10.00

## ENGINEERING

1991	Stock	Price	Div	Yield	PE
251	Engineering	10.00	0.10	1.00	10.00
252	Engineering	10.00	0.10	1.00	10.00
253	Engineering	10.00	0.10	1.00	10.00
254	Engineering	10.00	0.10	1.00	10.00
255	Engineering	10.00	0.10	1.00	10.00
256	Engineering	10.00	0.10	1.00	10.00
257	Engineering	10.00	0.10	1.00	10.00
258	Engineering	10.00	0.10	1.00	10.00
259	Engineering	10.00	0.10	1.00	10.00
260	Engineering	10.00	0.10	1.00	10.00

## ENGINEERING

1991	491	Home	10.00	0.10	1.00	10.00
1992	492	Home	10.00	0.10	1.00	10.00
1993	493	Home	10.00	0.10	1.00	10.00
1994	494	Home	10.00	0.10	1.00	10.00
1995	495	Home	10.00	0.10	1.00	10.00
1996	496	Home	10.00	0.10	1.00	10.00
1997	497	Home	10.00	0.10	1.00	10.00
1998	498	Home	10.00	0.10	1.00	10.00
1999	499	Home	10.00	0.10	1.00	10.00
2000	500	Home	10.00	0.10	1.00	10.00
2001	501	Home	10.00	0.10	1.00	10.00
2002	502	Home	10.00	0.10	1.00	10.00
2003	503	Home	10.00	0.10	1.00	10.00
2004	504	Home	10.00	0.10	1.00	10.00
2005	505	Home	10.00	0.10	1.00	10.00
2006	506	Home	10.00	0.10	1.00	10.00
2007	507	Home	10.00	0.10	1.00	10.00
2008	508	Home	10.00	0.10	1.00	10.00
2009	509	Home	10.00	0.10	1.00	10.00
2010	510	Home	10.00	0.10	1.00	10.00
2011	511	Home	10.00	0.10	1.00	10.00
2012	512	Home	10.00	0.10	1.00	10.00
2013	513	Home	10.00	0.10	1.00	10.00
2014	514	Home	10.00	0.10	1.00	10.00
2015	515	Home	10.00	0.10	1.00	10.00
2016	516	Home	10.00	0.10	1.00	10.00
2017	517	Home	10.00	0.10	1.00	10.00
2018	518	Home	10.00	0.10	1.00	10.00
2019	519	Home	10.00	0.10	1.00	10.00
2020	520	Home	10.00	0.10	1.00	10.00
2021	521	Home	10.00	0.10	1.00	10.00
2022	522	Home	10.00	0.10	1.00	10.00
2023	523	Home	10.00	0.10	1.00	10.00
2024	524	Home	10.00	0.10	1.00	10.00
2025	525	Home	10.00	0.10	1.00	10.00
2026	526	Home	10.00	0.10	1.00	10.00
2027	527	Home	10.00	0.10	1.00	10.00
2028	528	Home	10.00	0.10	1.00	10.00
2029	529	Home	10.00	0.10	1.00	10.00
2030	530	Home	10.00	0.10	1.00	10.00
2031	531	Home	10.00	0.10	1.00	10.00
2032	532	Home	10.00	0.10	1.00	10.00
2033	533	Home	10.00	0.10	1.00	10.00
2034	534	Home	10.00	0.10	1.00	10.00
2035	535	Home	10.00	0.10	1.00	10.00
2036	536	Home	10.00	0.10	1.00	10.00
2037	537	Home	10.00	0.10	1.00	10.00
2038	538	Home	10.00	0.10	1.00	10.00
2039	539	Home	10.00	0.10	1.00	10.00
2040	540	Home	10.00	0.10	1.00	10.00
2041	541	Home	10.00	0.10	1.00	10.00
2042	542	Home	10.00	0.10	1.00	10.00
2043	543	Home	10.00	0.10	1.00	10.00
2044	544	Home	10.00	0.10	1.00	10.00
2045	545	Home	10.00	0.10	1.00	10.00
2046	546	Home	10.00	0.10	1.00	10.00
2047	547	Home	10.00	0.10	1.00	10.00
2048	548	Home	10.00	0.10	1.00	10.00
2049	549	Home	10.00	0.10	1.00	10.00
2050	550	Home	10.00	0.10	1.00	10.00
2051	551	Home	10.00	0.10	1.00	10.00
2052	552	Home	10.00	0.10	1.00	10.00
2053	553	Home	10.00	0.10	1.00	10.00
2054	554	Home	10.00	0.10	1.00	10.00
2055	555	Home	10.00	0.10	1.00	10.00
2056	556	Home	10.00	0.10	1.00	10.00
2057	557	Home	10.00	0.10	1.00	10.00
2058	558	Home	10.00	0.10	1.00	10.00
2059	559	Home	10.00	0.10	1.00	10.00
2060	560	Home	10.00	0.10	1.00	10.00
2061	561	Home	10.00	0.10	1.00	10.00
2062	562	Home	10.00	0.10	1.00	10.00
2063	563	Home	10.00	0.10	1.00	10.00
2064	564	Home	10.00	0.10	1.00	10.00
2065	565	Home	10.00	0.10	1.00	10.00
2066	566	Home	10.00	0.10	1.00	10.00
2067	567	Home	10.00	0.10	1.00	10.00
2068	568	Home	10.00	0.10	1.00	10.00
2069	569	Home	10.00	0.10	1.00	10.00
2070	570	Home	10.00	0.10	1.00	10.00
2071	571	Home	10.00	0.10	1.00	10.00
2072	572	Home	10.00	0.10	1.00	10.00
2073	573	Home	10.00	0.10	1.00	10.00
2074	574	Home	10.00	0.10	1.00	10.00
2075	575	Home	10.00	0.10	1.00	10.00
2076	576	Home	10.00	0.10	1.00	10.00
2077	577	Home	10.00	0.10	1.00	10.00
2078	578	Home	10.00	0.10	1.00	10.00
2079	579	Home	10.00	0.10	1.00	10.00
2080	580	Home	10.00	0.10	1.00	10.00
2081	581	Home	10.00	0.10	1.00	10.00
2082	582	Home	10.00	0.10	1.00	10.00
2083	583	Home	10.00	0.10	1.00	10.00
2084	584	Home	10.00	0.10	1.00	10.00
2085	585	Home	10.00	0.10	1.00	10.00
2086	586	Home	10.00	0.10	1.00	10.00
2087	587	Home	10.00	0.10	1.00	10.00
2088	588	Home	10.00	0.10	1.00	10.00
2089	589	Home	10.00	0.10	1.00	10.00
2090	590	Home	10.00	0.10	1.00	10.00
2091	591	Home	10.00	0.10	1.00	10.00
2092	592	Home	10.00	0.10	1.00	10.00
2093	593	Home	10.00	0.10	1.00	10.00
2094	594	Home	10.00	0.10	1.00	10.00
2095	595	Home	10.00	0.10	1.00	10.00
2096	596	Home	10.00	0.10	1.00	10.00
2097	597	Home	10.00	0.10	1.00	10.00
2098	598	Home	10.00	0.10	1.00	10.00
2099	599	Home	10.00	0.10	1.00	10.00
2100	600	Home	10.00	0.10	1.00	10.00







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# FINANCIAL TIMES

Weekend August 17/August 18 1991

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Production and trade figures send mixed signals on economic recovery

## US industrial output rises by 0.5%

By Michael Prowse in Washington

US INDUSTRIAL production rose 0.5 per cent in July to register the fourth consecutive monthly increase, an encouraging sign of economic recovery after reports of decline in employment.

However, separate figures for merchandise trade underpinned the recovery. The trade deficit shrank to \$4bn (£2.4bn) in June, the smallest for eight years. The improvement mainly reflected a sharp decline in imports - a sign of

The decline in industrial output was led by a 10 per cent drop in production, the sector which accounted for much of the decline in output during the winter. But the improvement appeared widespread with goods, business equipment and construction supplies all registering solid gains.

Excluding production of autos and aircraft, the factory output reached a trough in March.

The 42bn trade deficit in June was mainly reflected in a

decline in imports of \$38.9bn. Oil imports fell 1.5 per cent to \$4.8bn, but remained high to record highs in cash terms.

The combination of sluggish domestic demand and improved competitiveness has prompted a marked improvement in the trade.

In the first six months of the year the deficit was running at an annual rate of \$42.1bn, 0.7 per cent lower than the \$102.6bn deficit recorded last year. Exports in

the first half were 1.5 per cent higher than in the same period of last year.

Excluding oil imports, which have fluctuated sharply in the past year, the deficit has almost disappeared. The non-petroleum deficit was \$1.1bn in June and \$3.9bn in the first six months. This compares with a deficit of \$7.2bn in 1990 as a whole.

Many analysts, however, expect the trade deficit to widen again if the recovery gathers momentum because domestic demand will rise

sharply. Exports are expected to grow slowly because of slower economic growth in overseas markets such as continental Europe.

Yesterday's figures may reduce scepticism about US economic prospects and help dispel the "double dip" recession. The rise in industrial production reports earlier this week of stronger growth of retail sales, a rise in housing starts and a decline in inflation.

World stocks, Page 19

## Bid battle intensifies for UK chemists' shop chain

By Jane Fuller

LLOYDS CHEMISTS, the UK's second largest chemists' chain, is being bought by a consortium of three companies, yesterday became the third company to bid for MacCarthy's, a rival of Boots.

Lloyds is offering \$75m for the chain, which has 1,200 stores. The consortium, which includes the Savory & Moore chain, a pharmaceutical distribution business and health food shops.

MacCarthy, which is also being bid for by Unichem, the pharmaceutical wholesaler, and Gramplan Holdings, the Scottish mini-conglomerate, has been a hot property in spite of a lacklustre profit record. Last year it made only a 1.5 per cent profit, down from 1.8 per cent in 1989-90.

It was Gramplan that "put the price among the cats", Mr Ian Parsons, MacCarthy's chief executive, put it, with a \$66.6m all-paper bid on May 22. The reasons "the price" has appeared in plump letters in the recession-resistant nature of chemists' shops - people still get ill and an ageing population gets more ill - and a government-imposed barrier to the opening of pharmacies. The number of pharmacies in the UK has fallen to 11,800.

Lloyds has been by far the most active company building up chemists' chains. If the acquires MacCarthy's 176 stores, it will have a total of 1,000 compared with Boots's 1,089.

Lloyds' bid was only just tops the near \$100m share-and-cash offer from Unichem, which in turn bettered an already improved bid from Gramplan. The bid price stood at 168p. Three months and three bidders later it is now 246p, a 46 per cent increase.

The bid leaves the amount offered by the new bidder narrowed yesterday by the fall in Lloyds' share price to 246p. It is offering one share plus 21p cash for every share plus 21p cash for every share plus 21p cash for every share.

Three months ago Lloyds acquired Kingswood-GK, a chemists' chain, and the Holland & Barrett health food shops for a bid financed by a \$75m one-for-two rights issue. This acquisition and a property deal wiped out the bid.

Lloyds also said yesterday that its pre-tax profit for the 12 months to June 30 was at least \$1.5m, a 51 per cent increase over the previous year. Earnings per share rose 13p to 22.1p and a 50 per cent dividend increase is promised.

MacCarthy's bid to share in the bid to see if further bidders emerge.

Lex, Page 22

## EC ceasefire observers under fire in Yugoslavia

By Judy Dempsey, East Europe Correspondent

EUROPEAN Community observers under attack in Yugoslavia when the helicopter came under fire, but one was injured, a spokesman for the EU mission in Zagreb, capital of the breakaway republic of Croatia, said yesterday.

The Dutch ambassador to Yugoslavia said the EC would attempt to force a formal protest to the federal government and to officials in Croatia.

The attack coincided with a declaration of autonomy by Serbs in an eastern region of Croatia. The move was widely seen by the EC as a bid to carve up the republic. Mr Josip Stipanovic, the spokesman for the mission, said the declaration of autonomy in the region "is part of the Serbian government's strategy to create a Greater Serbia". He added that Croatia had been in control of the region since the Yugoslav war.

Mr Veljko Draskovic, the regional head of the Serbian Democratic party, the main party of the Serbs in Croatia, yesterday said: "As soon as Croatia's territory will form the new borders, the implication is that an independent Croatia would be greatly reduced in size."

Croatia and Slovenia declared their independence from the Yugoslav federation on June 25.

Of the ethnic Serb community in Croatia, which is 12 per cent of the 4.5m population, refused to accept an independent Croatia. They have repeatedly accused the Croatian government of discriminating against them.

Since June 25, more than 300 people have died in fighting between the Serb and Croat forces in the Krajina region.

South Africa amnesty

Continued from Page 1

Mr Gifford said that the amnesty would be a "watershed moment" in the history of South Africa. He said that the amnesty would be a "watershed moment" in the history of South Africa. He said that the amnesty would be a "watershed moment" in the history of South Africa.



Protesting: Serbs about anti-communist slogans during a parade in Opatovac, 50 miles south of Belgrade

Croat officials yesterday said that the Serbs in the Krajina region were planning to declare independence from the republic of Croatia. The move was widely seen by the EC as a bid to carve up the republic. Mr Josip Stipanovic, the spokesman for the mission, said the declaration of autonomy in the region "is part of the Serbian government's strategy to create a Greater Serbia". He added that Croatia had been in control of the region since the Yugoslav war.

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Continued from Page 1

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## Isle of Man to tighten control of investment businesses

By Sue Stuart in Douglas

THE ISLE OF Man is tightening its control over investment businesses, an attempt to stop the island from becoming a haven for undesirable investment operators.

Anyone selling life or pension products to or from the Isle of Man will have to be licensed as an investment business from January 1, 1992.

The island's new Investment Business Bill. The legislation will also stop investment businesses being conducted outside the island by non-resident companies.

There are currently 49 licensed investment and investment-related businesses in the island, but "investment" has been redefined under the new law. As well as standard investments, such as stocks, bonds, gilts, life and pension products will be classified as investments for the first time.

Activities deemed subject to licence by the Financial Supervision Commission (FSC) are: dealing in investments, arranging investment advice, managing investments, and providing management and administration services to collective investment schemes.

The bill is part of the FSC's continuing updated regulatory policy for the island's financial services sector.

Banking, insurance, and some aspects of investment have already been legislated for and the bill will ensure that only those considered "fit and proper" can carry on investment business in the Isle of Man.

Non-resident companies that conduct investment business outside the island will require a licence. Mr Jim Noakes, FSC executive director, said it was unlikely that a company not managed and controlled in the island would be licensed, as it would leave the island vulnerable to unscrupulous operators with no local accountability. "We are therefore effectively excluding non-resident companies from conducting investment business," he said.

The desirability of non-resident companies, which are owned and operated from outside the island, was recently questioned by the Hon. John Corrin, the island's judge.

Originally designed as an aid to legal tax planning, the non-resident company has some drawbacks and cases involving misuse have come before the Manx courts, although not necessarily investment companies.

The FSC said yesterday that it was inviting applications for licences from companies in the designated categories that are currently unlicensed.

Mrs Kathy Hartman, the Manx supervisor of investment business, said: "We are expecting up to 50 new applicants. These will primarily be insurance brokers selling life and pension products and perhaps a few corporate administrators who arrange life insurance for their clients. If we are to process all these applications in time, it is essential we start work on them now."

The bill will also regulatory codes covering financial resources, dealing with clients' money and assets, requirements for audits, advertising, and notification, and standards dealing with clients.

**CHIEF PRICE CHANGES YESTERDAY**

FRANKFURT (Dm)		Dani Kogyo	880	-	70
Asio		Enso Kogyo	820	-	40
Poland	1360	+ 22			
Fall					
Duke-Werke	191.5	-			
Hochtil	1350	-			
Hochtil	1350	-			
Walla Pst	672	-			
New York (\$)					
Rises					
Cash Systems					
Adia Systems	55 1/2	-	2 1/2		
Bea Systems	14 1/4	-	3/4		
Merrill Lynch	27	-	2 1/2		
Wall Street	117 1/2	-	2 1/2		
New York prices at 12:30pm					
Tokyo (Yen)					
Rises					
Walla Whar	2590	+ 120			
Fall					
Asio Machine	560	-	40		

**WORLDWIDE WEATHER**

Today: sunny in southern and central regions, a cloudy start with patchy rain in clouds. Northern regions and much of the west will be bright and sunny, apart from a few showers. Temperatures around 15-18°C. Mostly dry, cloudy in Scotland.					
London	15	18	15	18	15
Edinburgh	12	15	12	15	12
Glasgow	13	16	13	16	13
Belfast	14	17	14	17	14
Cardiff	15	18	15	18	15
Manchester	16	19	16	19	16
Newcastle	17	20	17	20	17
Sheffield	18	21	18	21	18
Nottingham	19	22	19	22	19
Leeds	20	23	20	23	20
York	21	24	21	24	21
Lincoln	22	25	22	25	22
Nottingham	23	26	23	26	23
Leeds	24	27	24	27	24
York	25	28	25	28	25
Lincoln	26	29	26	29	26
Nottingham	27	30	27	30	27
Leeds	28	31	28	31	28
York	29	32	29	32	29
Lincoln	30	33	30	33	30
Nottingham	31	34	31	34	31
Leeds	32	35	32	35	32
York	33	36	33	36	33
Lincoln	34	37	34	37	34
Nottingham	35	38	35	38	35
Leeds	36	39	36	39	36
York	37	40	37	40	37
Lincoln	38	41	38	41	38
Nottingham	39	42	39	42	39
Leeds	40	43	40	43	40
York	41	44	41	44	41
Lincoln	42	45	42	45	42
Nottingham	43	46	43	46	43
Leeds	44	47	44	47	44
York	45	48	45	48	45
Lincoln	46	49	46	49	46
Nottingham	47	50	47	50	47
Leeds	48	51	48	51	48
York	49	52	49	52	49
Lincoln	50	53	50	53	50
Nottingham	51	54	51	54	51
Leeds	52	55	52	55	52
York	53	56	53	56	53
Lincoln	54	57	54	57	54
Nottingham	55	58	55	58	55
Leeds	56	59	56	59	56
York	57	60	57	60	57
Lincoln	58	61	58	61	58
Nottingham	59	62	59	62	59
Leeds	60	63	60	63	60
York	61	64	61	64	61
Lincoln	62	65	62	65	62
Nottingham	63	66	63	66	63
Leeds	64	67	64	67	64
York	65	68	65	68	65
Lincoln	66	69	66	69	66
Nottingham	67	70	67	70	67
Leeds	68	71	68	71	68
York	69	72	69	72	69
Lincoln	70	73	70	73	70
Nottingham	71	74	71	74	71
Leeds	72	75	72	75	72
York	73	76	73	76	73
Lincoln	74	77	74	77	74
Nottingham	75	78	75	78	75
Leeds	76	79	76	79	76
York	77	80	77	80	77
Lincoln	78	81	78	81	78
Nottingham	79	82	79	82	79
Leeds	80	83	80	83	80
York	81	84	81	84	81
Lincoln	82	85	82	85	82
Nottingham	83	86	83	86	83
Leeds	84	87	84	87	84
York	85	88	85	88	85
Lincoln	86	89	86	89	86
Nottingham	87	90	87	90	87
Leeds	88	91	88	91	88
York	89	92	89	92	89
Lincoln	90	93	90	93	90
Nottingham	91	94	91	94	91
Leeds	92	95	92	95	92
York	93	96	93	96	93
Lincoln	94	97	94	97	94
Nottingham	95	98	95	98	95
Leeds	96	99	96	99	96
York	97	100	97	100	97

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Today: sunny in southern and central regions, a cloudy start with patchy rain in clouds. Northern regions and much of the west will be bright and sunny, apart from a few showers. Temperatures around 15-18°C. Mostly dry, cloudy in Scotland.					
London	15	18	15	18	15
Edinburgh	12	15	12	15	12
Glasgow	13	16	13	16	13
Belfast	14	17	14	17	14
Cardiff	15	18	15	18	15
Manchester	16	19	16	19	16
Newcastle	17	20	17	20	17
Sheffield	18	21	18	21	18
Nottingham	19	22	19	22	19
Leeds	20	23	20	23	20
York	21	24	21	24	21
Lincoln	22	25	22	25	22
Nottingham	23	26	23	26	23
Leeds	24	27	24	27	24
York	25	28	25	28	25
Lincoln	26	29	26	29	26
Nottingham	27	30	27	30	27
Leeds	28	31	28	31	28
York	29	32	29	32	29
Lincoln	30	33	30	33	30
Nottingham	31	34	31	34	31
Leeds	32	35	32	35	32
York	33	36	33	36	33
Lincoln	34	37	34	37	34
Nottingham	35	38	35	38	35
Leeds	36	39	36	39	36
York	37	40	37	40	37
Lincoln	38	41	38	41	38
Nottingham	39	42	39	42	39
Leeds	40	43	40	43	40
York	41	44	41	44	41
Lincoln	42	45	42	45	42
Nottingham	43	46	43	46	43
Leeds	44	47	44	47	44
York	45	48	45	48	45
Lincoln	46	49	46	49	46
Nottingham	47	50	47	50	47
Leeds	48	51	48	51	48
York	49	52	49	52	49
Lincoln	50	53	50	53	50
Nottingham	51	54	51	54	51
Leeds	52	55	52	55	52
York	53	56	53	56	53
Lincoln	54	57	54	57	54
Nottingham	55	58	55	58	55
Leeds	56	59	56	59	56
York	57	60	57	60	57
Lincoln	58	61	58	61	58
Nottingham	59	62	59	62	59
Leeds	60	63	60	63	60
York	61	64	61	64	61
Lincoln	62	65	62	65	62
Nottingham	63	66	63	66	63
Leeds	64	67	64	67	64
York	65	68	65	68	65
Lincoln	66	69	66	69	66
Nottingham	67	70	67	70	67
Leeds	68	71	68	71	68
York	69	72	69	72	69
Lincoln	70	73	70	73	70</



# Weekend FT

SECTION I

Weekend August 17/August 18 1991

## Revolution simmers in Soviet bazaars

PT АБГУСТ 1991  
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**T**HE VOICE, at the end of the telephone sounded husky and deeply suspicious. "So you want to see them?" he asked, in broken Russian. "Are you a Moslem?"

I replied, fiddling nervously with the stack of two copec pieces on top of the public telephone. "But I don't want to see them. I just want to see you. I want to see you. I want to see you."

"I don't want to see you. I don't want to see you. I don't want to see you."

The public telephone suddenly cracked wildly. Was a bevy of mustached KGB officers hanging on our every word? As the mysterious speaker and I knew only too well, in the southern Soviet republic of Tajikistan, we were talking to a member of the KGB, the most powerful and feared of the underground Soviet Islamic parties that were euphemistically referred to as the "Islamic movement."

There are three Moslems - most of them Sunni - in the Soviet Union. Russians who regard the Moslem community with fear and suspicion, fear that within 20 years the Moslems could outnumber them.

"How do you find them?" I persisted.

"There are a long time. Five o'clock tomorrow, the top of Lenin Street. One of them will meet you. Mahallah - God willing."

"Oh, recognise him from his beard," he added, as an afterthought, as he hung up suddenly.

The conversation was strangely cheering. For months, I had been hearing rumours about the illegal Islamic parties that were alleged to be plotting revolution on the Soviet Union's southern flank. Having finally tracked "them" down, hearing about the beards fitted with Western images of Islamic radicals - bearded and turbaned, with gleaming eyes and perhaps a photographic Kalashnikov or two tucked beneath their flowing robes.

It is a stereotype, that is becoming increasingly familiar to a Soviet political audience. For as the world watches the Soviet Union struggle with the revolutionary economic and political changes ushered in by perestroika - dubbed the "second Soviet Revolution" - Soviet central Asians are currently speculating about the possibility of a different type of revolution: an Islamic one.

The Moslems are concentrated in the Soviet Central Asian republics and Caucasus, regions absorbed by the Russian Empire empire late in the 19th century.

After 70 years of religious suppression, when only a handful of "official" mosques were allowed to operate in the Soviet Union, the new freedoms ushered in by perestroika have led to a revival of Islam.

In the multitude of dusty villages scattered across Central Asia, thousands of mosques are springing up in a quantum leap. In Uzbekistan, a million new mosques, donated by Saudi Arabia, have been built up on village walls. Groups of boys are being sent to newly formed Arabic classes. Central Asian politicians are making regular appearances on the state television screens amid mullahs and

mosques, in an effort to boost their crumbling legitimacy.

Most worrying of all for the central Asian governments - which are dominated by Communist Party hardliners and have remained surprisingly loyal to Moscow - last year the first Islamic opposition party was founded with well-coordinated branches in all the Moslem regions.

It has been repeatedly banned in most of the central Asian republics for its "Islamic extremism and revolutionary politics," according to the *Kommunist*. The mouthpiece of the Tajik Communist Party. In spite of KGB harassment it has grown rapidly, primarily in rural areas. The leadership of the central Asian republics fear that it may not be Democrats or Yeltsin-style liberals who challenge communist rule in this part of the Soviet Union, but rather a new breed of Islamic radicals.

These developments pose awkward questions, both for the outside world, now waking up to the future possibility of five more Islamic states on the northern edge of the Middle East, and also for the Soviet Moslems themselves.

As the old communist system crumbles - albeit rather more slowly in the Central Asian republics than in the Baltics - the Central Asians are increasingly divided over what should replace it. Should they look to the West as a model for post-communist society? Or should they look south or east towards the other Islamic countries, drawing on their Islamic heritage for a model of their future?

On one side of the debate are intellectuals, such as Muhammad Salto, a member of the Uzbek parliament and leader of the opposition "Democratic movement," who insists that "Islam should not be political. We want to find a civilised sort of Islam, suited to the 20th century."

On the other side is the shadowy Islamic Party, intent on bringing Islam back into the political arena after 70 years of repression - although how it intends to do it remains highly mysterious. In spite of its rapid expansion, many Central Asians have little knowledge of the party, other than the rumours swirling round the buses, bazaars or mosques.

Trying to find evidence of would-be Soviet Islamic radicals, though, is far from easy. The Islamic Party is highly secretive, wary of talking to Westerners, with or without telephones. And while the majority of Central Asians I spoke with were undoubtedly committed to Islam, they remained refreshingly pragmatic about their faith.

Islamilleev, a high-ranking Uzbek Communist Party official, is a case in point. Two months ago he invited me to the circumcision party of his nephew, a nine-year-old village boy.

"It's going to be one of the greatest days of Jamshed's life. He's becoming a Moslem!" he told me enthusiastically, shortly before he, and his relatives, watched the ceremony.

It was a lavish affair, with no holds barred. Soviet Uzbek style. The tables were laden with spiced rice, sweetmeats, pomegranates, and bottles of Soviet Pepsi. An exuberant pop group, dressed in sequins and stonewashed jeans played a mixture of traditional music and Asian pop songs extremely loudly.

Jamshed had been presented with a prized pile of new, Chinese-made plastic toy tanks to distract his mind at the crucial moment.

But how did this celebration of Jamshed's new Islamic identity fit with his uncle's role in the Communist Party? "There's nothing to stop a communist being a Moslem," he said cheerfully. "It's all part of our heritage. I'm just glad that we can celebrate it openly. Praise Allah!"

It is a view which the Grand Kazi, official, government-backed spiritual leader of the main Central Mosque in Dushanbe, seems to share. I met him one Friday lunch time, after he had led prayers in the main courtyard of the Dushanbe mosque, a stone's throw from the Central Communist building. For nearly two hours his powerful voice had crackled and hissed through the mosque's loudspeakers at the 1,000-strong crowd assembled in the courtyard, a colourful mass of turbans, skull caps, and striped "Bukharan robes". Judging from the volume of the sermon, some of it at least had been fiery.

But when I met him, he was utterly affable. "As Moslems we seek to co-operate with all religions, all nationalities, all parties," he boomed, in a voice that left the dial on my tape recorder quivering. He enthusiastically detailed the achievements that the "official" Islamic establishment had made under perestroika - a new mosque, or theological college, had been opened to train new mullahs, neighbouring countries had donated unspecified amounts of financial aid, and 500 pilgrims had recently been flown by Aeroflot to Mecca for the Hajj pilgrimage.

All of this, he emphasised, was with the blessing and aid of the Communist Party, with whom the official Islamic institutions had co-operated with various degrees of diplomacy during the last 40 years.

But what about the rumours of the Islamic revolutionaries or an Islamic Party? Did they co-operate with them? "There is absolutely no Islamic Party here!" he said firmly, refusing to be drawn any further on the issue. "None at all!"

Others, though, were rather more expansive. Mahabbullo Kurbon, a central Asian journalist, insisted to me that "the Islamic Party is going to be a very big threat here. It's just the matter of time and intelligence that are needed, but the official mullahs too. They know that many in the Islamic Party hate them because they've co-operated with the communists so much."

Karbon places himself firmly in the category of the intellectuals. And like many of them, he talks about the Islamic revival



in terms of the glories of Central Asian Islamic architecture, the heritage of tenth century Persian poetry, or the esoteric wonders of Sufi Islamic philosophy. He hardly mentions the Koran.

"Who knows what will happen in the future?" he shrugs, running his fingers over the Arabic calligraphy that decorates the front page of the newspaper he writes for. "With 99 per cent of the Central Asians Moslem, how can we ignore Islam?"

And what of the Islamic Party itself, which has inspired so much speculation about the future? When I finally met them in Uzbekistan, Tajikistan and Moscow, after a series of false starts and ambiguous telephone calls,

I found them to be far cry from the Kalashnikov-toting stereotype that I had imagined.

The spokesmen who agreed to meet me in Tajikistan, one Davlat Ismanov, was indeed bearded. But he was a Soviet lawyer, not mullah by training. And he spoke more of the United Nations and human rights than Jihad or the Koran.

Yes, he admitted, his party was growing rapidly - perhaps 50,000 overall, organised in a tight all-union structure, with growing links with other foreign Islamic organisations. But no, he insisted they were not armed. The government

allegations may say. The basic aims are to revive Islam and spread a knowledge of it. Since 70

years of communism, Central Asians are very ignorant," he explained cautiously in precise Russian, refusing to meet my eye.

But what about an Islamic state? "I don't know," he replied. "I don't know if they were seeking to replace the Communist government with an Islamic government."

But did they? I wondered. "We will see, won't we?" he replied confidently, and then, as if to soften the implications of his words, he insisted on ending the interview with a resonant prayer to Allah, so that I "didn't get the wrong impression about all the politics."

And everyone in the Soviet Union is expecting Gorbachev, is even the West, to provide the

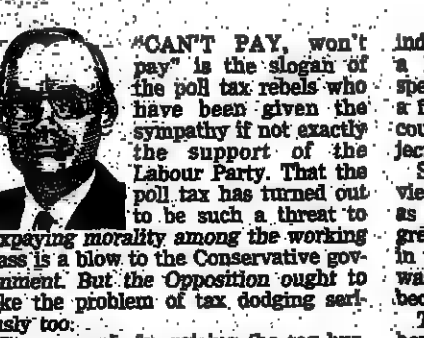
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## The Long View/Barry Riley Tax and the middle classes



"CAN'T PAY, won't pay" is the slogan of the poll tax rebels who have been given the sympathy if not exactly the support of the Labour Party. That the poll tax has turned into a threat to be such a threat to the Conservative government. But the Opposition ought to take the problem of tax dodging seriously too.

Its proposals for raising the tax burden on higher income earners have a 1970s flavour that could prove dangerous in the 1990s. It is deceptively easy for politicians to plot how to raise money from the richer groups in society. But ultimately the revenue flows only in accordance with the willingness of people to pay.

The really rich - from the Queen downwards - do not pay significant amounts of tax. Aristocratic families have traditionally enveloped their fortunes in the most Revenue-proof trusts and offshore devices that money can buy from top tax advisers. They have not felt that it is their duty to pay tax that can possibly be avoided.

indicative. There is a good chance that a Labour administration with big spending plans would swiftly encounter a fiscal crisis, in which case the rates could easily be hiked higher, or be subject to "temporary" surcharges.

Second, from the saver's point of view, capital gains tax would go as high as 50 per cent at the top rate, much greater than the 30 per cent that ruled in the 1970s (although admittedly there was then no indexation, so that CGT became a tax on inflation).

Third, a Labour government would have to learn to operate in a climate in which not only were there no foreign exchange controls but there was almost free movement of people and assets within the European Community. This should be compared with the fenced-in approach of the 1970s, which harked straight back to wartime attitudes.

In the Second World War and the years that immediately followed it was possible to impose high tax rates on people for patriotic reasons; there was little to buy in the shops anyway. The cost was a thriving black economy and a growing avoidance culture. By the 1980s and the 1990s patriotic feelings were definitely on the wane and economic behaviour was being widely distorted.

The company car as a standard perk dated from this period. It became very inefficient to receive rewards in the simple form of cash income, either from employment or from investments. Lloyd's of London started to promote at this time, but eventually was corrupted by its future role as a rich man's tax shelter.

In these cases the pressures spilled over domestically into various kinds of tax avoidance manoeuvres. But in similar circumstances in future the pressures will spill outwards. It is quite rare internationally for people to accept high taxes on their investment incomes.

On the Continent, Luxembourg has a traditional role as a no-questions-asked centre for the deposits of the modestly wealthy, Switzerland as a corresponding haven for the seriously rich. When British foreign exchange controls were

removed in 1979 there were fears that widespread evasion would be encouraged, but it seemed that tax morality was strong enough, and that tax rates came down far enough, to prevent a serious exodus. Also, starting interest rates tended to be rather high during the 1980s. Yet this might change.

Without accurate and ready statistics in the High Street.

The popularity of bearer securities on the Continent has long been an indicator of the prevalence of evasion. The German government is under constitutional pressure to tighten up, and indeed it tried three years ago with a withholding tax at the modest rate of 10 per cent. Capital outflows from Germany, especially in Luxembourg, soared to DM120bn in 1988 and the tax was abandoned. But the German government is threatening to try again.

Back home, the British tax authorities have never been exactly on the moral high ground in their approach to taxing investment income. Frequently, negative real incomes have been taxed.

Imagine a situation later in the 1990s when the interest rate is 9 per cent and the inflation rate 4 per cent. In those circumstances (and it would be reasonable to project much less favourable numbers than that) the 55 per cent taxpayer will be earning a negative real return.

As citizens we may have a duty to pay reasonable taxes, but is there any moral responsibility on us to accept unfair burdens?

In practice the response is a shift from straightforward to circuitous methods of remuneration and investment. And in particular there is the very real danger of a substantial flight of private investment capital during the next year should the prospect of a Labour victory in the forthcoming general election begin to loom large.

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London Markets

# Optimists drive Footsie to new high

MONDAY'S bill-boards screamed triumphantly: "England Does It". Cricket lovers explained that by winning the Ashes match at the Oval, our boys in white had won the usually invincible West Indians.

The modern City, post-Big Bang, is supposed to be fixated on such things as the start of the grouse season than in the relaxed days of yore. However, this week the stock market has been determined to take the most optimistic view of a very mixed bag of economic and corporate results.

The FT-SE 100 index of the leading companies and the comprehensive FT-A All-Share Index both reached new heights this week, in spite of a rise in German interest rates, another jump in unemployment and the biggest quarterly decline on record in factory investment.

The City seemed to have chosen an unexpected jump in June's retail sales as a sharp rise in manufacturing output as demonstrating that the UK economy was not touched bottom.

General American and Royal Insurance, the UK life and general insurer groups, both cited the impact of recession when explaining respective interim results of 11.5% and 10.5%.

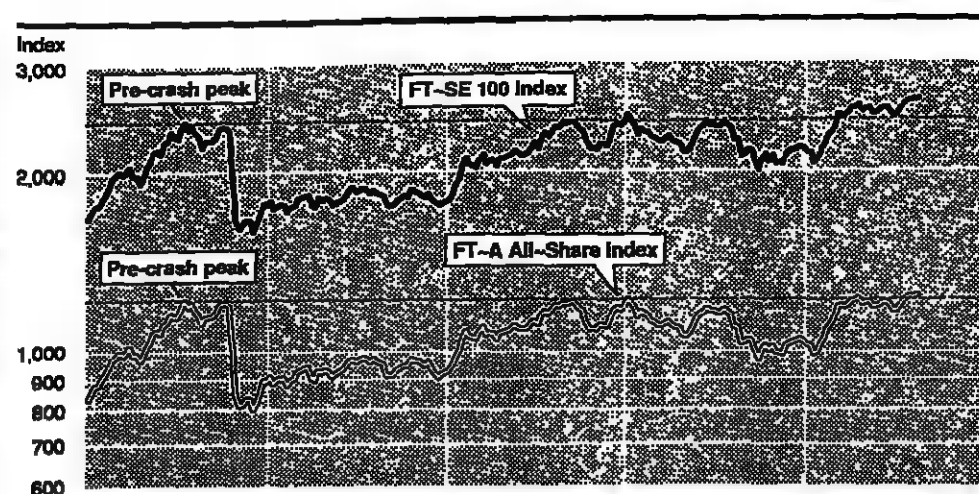
Investors were much more interested when Glynwed International, a barometer of the UK engineering sector, said that "in some sectors we are coming out of recession and in others we have bottomed out."

A poll of fund managers showed growing optimism about prospects for the equity market over the next three months and this was reflected by relatively high trading volumes. Another bullish indicator was the successful outcome of rights issues by Burton, the clothing retailer, and Trafalgar House, the shipping, engineering and construction group.

Institutional investors have been switching their attention away from the front-line FT-SE 100 stocks and started to concentrate on the second-tier companies. This is reflected in the performance of the FT-A All-Share Index, which this week had for the first time decisively broken through the barrier of its pre-1987 peak.

The City is also capable of reading opinion polls, however. It is to be expected that the retail sales recovery - even if it is now beginning - will come through quickly and strongly enough to rescue the government from its current unpopularity.

That for the government to channel the sale of further shares in BT through share shops set up by a balance sheet of losses and building a sceptical reception.



However, in the Panglossian mood the market can see good news in the government's plans. The fact that the Conservative Party will win the next election by a landslide will be a boost to the market, which has been hit by the prospect of a general election in October. The market has been hit by the prospect of a general election in October. The market has been hit by the prospect of a general election in October.

But perhaps a more significant pointer to City thinking came from Takara, which has expanded rapidly in recent years through building private nursing homes for the elderly and this week announced more than doubled interim pre-tax profits. It has secured a political coup by appointing Lord Harewood as its chairman, a move which has been welcomed by the Labour government and current opposition health spokesman in the Lords, Lord Harewood.

The City is full of optimism, whether or not they will go to the polls, and they will know what each way.

Andrew Bolger

Serious Money

# Other ways to slay the dragon of inflation

By Philip Coggan, Personal Finance Editor

INFLATION IS such a deadly enemy of money that you should never forget it. Rising prices whittle away the value of your money; someone who retired in 1950 will have seen prices rise by 100% in the last 40 years. Savers should not take their guard now that inflation is at 10 per cent and falling. It may be a hard time to subdue for long.

The conventional wisdom is that equities are the best way of coping with inflation. But this is not always true. The conventional wisdom is that equities are the best way of coping with inflation. But this is not always true.

Barclays de Zoete Wedd figures published earlier this year comparing how £100 invested in the 1970s would have grown by the end of 1990. The figures show that £100 invested in the 1970s would have grown by the end of 1990.

## Savers should not relax now that inflation is falling. It is a hard beast to subdue

But where these arguments are obviously valid for institutions, which have plenty of advantages, they are less true for private investors.

For a start, private investors have to pay tax on their gains, which has been a high as 30 per cent. The same £100 invested in the 1970s would have grown by the end of 1990.

There is nothing in the records to suggest that equity prices make steady progress in real terms. There are long periods - for example, the 1970s - when equity prices go backwards in real terms.

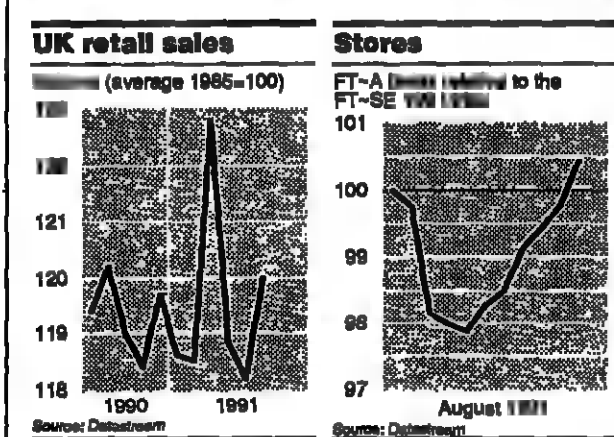
History does not, of course, have to repeat itself; equities may be about to surge to new inflation-adjusted heights.

The traditional valuation measures used by investors, such as the P/E ratio, are based on the 1960-80 average of 14.5, but the average of 12.5. But one would expect high yields

### HIGHLIGHTS OF THE WEEK

	Price	Change	1991	1991	
	Today	on 16th	High	Low	
FT-SE 100	2821.0	+50.4	2821.0	2770.6	Encourages recovery hopes
Althaus	668	+63	706	605	Buyer's market
Barton	301	+22	302	279	Warburg 'buy' recommendation
Cadbury	402	+4	404	398	Plumage issue success
Carlson Comm	362	+18	400	314	Relief after MMC report
Carlson Comm	497	+32	507	380	Optimism over franchise
Central TV	883	+73	873	831	Optimism over franchise
Glass	1343	+80	1346	800	FT-SE 100 approval
Heywood Williams	250	+22	308	200	FT-SE 100 approval
Hickson Int	182	+17	184	102	Relief over results
Hilldown	239	+19	280	184	Anticipates strong results
Imperial General	487	+22	478	438	USO 'buy' recommendation
India India	199	+17	173	122	Kleinwort 'buy' recommendation
Midland Bank	259nd	+26	263	180	FT-SE 100 approval
Thames House	237	+20	261	189	Successful rights issue

### AT A GLANCE



**Sales figures lift retail sector**

Retailing received a lift this week from the monthly retail sales figures, which showed a 1.3 per cent increase in June. The figures encouraged belief among analysts that the recession is coming to an end, and that prices in the retail sector will rise during June.

Seasonally adjusted retail sales rose during June by 1.5 per cent, according to the Central Statistical Office, up from an earlier annual rate of 1.3 per cent. Sales rose in April and May. However, there was little evidence of a revival in borrowing by consumers, and the retail sector was only helped by a number of other factors, including favourable market reaction to a one-for-one rights issue by the Burton Group, which was announced on Wednesday. The Burton Group, which is a clothing retailer, has a very buoyant outlook throughout the year and the group outperformed the market.

**NatWest may charge for credit cards**

National Westminster Bank (NatWest) is likely to introduce a charge for its credit cards following a new policy on the subject. An announcement on the new policy is expected before the end of the month. At present, NatWest is one of the few big clearing banks to levy a charge on its credit card users, and the bank has denied reports that it will now levy a charge. However, NatWest will not indicate how much any charge will be.

**Gift Aid donations top £100m**

Almost £100m has been given in gift aid donations to the government's Gift Aid scheme, which started on October 1 last year, according to figures released last week. Gillian Shepherd, treasury minister, described the figures, which show a 10 per cent increase on the £90m given in 1990, as an "encouraging start".

Gift Aid provides full tax relief on individual gifts of £500 or more. There is no upper limit on donations. Payments are made net of basic rate tax, which the charity can then claim a refund. Individuals paying 40 per cent can claim higher relief on the grossed up amount of the payment from their office. The figures show that 20,150 individuals and 2,050 companies have made gifts under the scheme.

**Smaller companies shine**

The FT-SE 100 index was reaching a new high, smaller company shares enjoyed a good week. The County Share Index (smaller companies) rose 1.1 per cent to 558.23 on 16th August 1991, while the FT-SE 100 rose 50.4 to 2821.0. The County Share Index (smaller companies) rose 1.2 per cent to 1191.45 on the same period. The County Share Index believes that smaller companies exposed to the domestic market offer value at the moment. They believe that such companies are highly operationally geared to recovery.

**Which? guide updated**

The Consumers' Association has published a new edition of its tax-saving guide, *Which? Way to Save Tax 1991-92*, which incorporates all the changes made by the 1991 Budget. The guide is available for £1.95, plus £1.50 for the book. The Consumers' Association, PO Box 44, Hertford X, Herts. SG11 5HS. £1.95 including postage and packing.

# Dog days bite the bankers back

**SCANDAL ROCKED** one of the most eminent securities houses on Wall Street this week, while in California, the biggest bank merger was unravelled. For many, it was supposed to be the dog days of August. It was quite a week.

The scandal involves Salomon Brothers, one of the leading securities trading houses on Wall Street and the largest player in the world's financial market - the \$2,000m pool of US Government securities.

The Treasury paper is held through an auction process involving a privileged group of securities firms known as primary dealers. Salomon Brothers admitted not only that it had had an affair with the Treasury, but that it had been involved in the bidding process, but that its bid was rejected. The Treasury then rejected the bid, and the Treasury then rejected the bid.

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**The Bottom Line**

**Insurers still tangled in the wreckage**

IT HAS been a depressing week for the UK insurance industry. General Accident and Royal Insurance, the country's two biggest composite (general and life) insurers both reported interim 1991 results of around 10%.

The results underlined the difficulties facing the industry, which is being hit by the ravages of price competition, an upsurge in crime and other recession related damage and continuing high levels of underwriting losses.

Commercial Union, the only one of the five composites to be in profit last year, is also in the red, reporting a 10% loss earlier in the month. Guardian Royal Exchange is in the wars and could lose almost as much. Sun Alliance, the country's biggest insurer, which has a large book of mortgage guarantee business and has been especially hard hit by the recent spike in mortgage defaults, could lose around £80m.

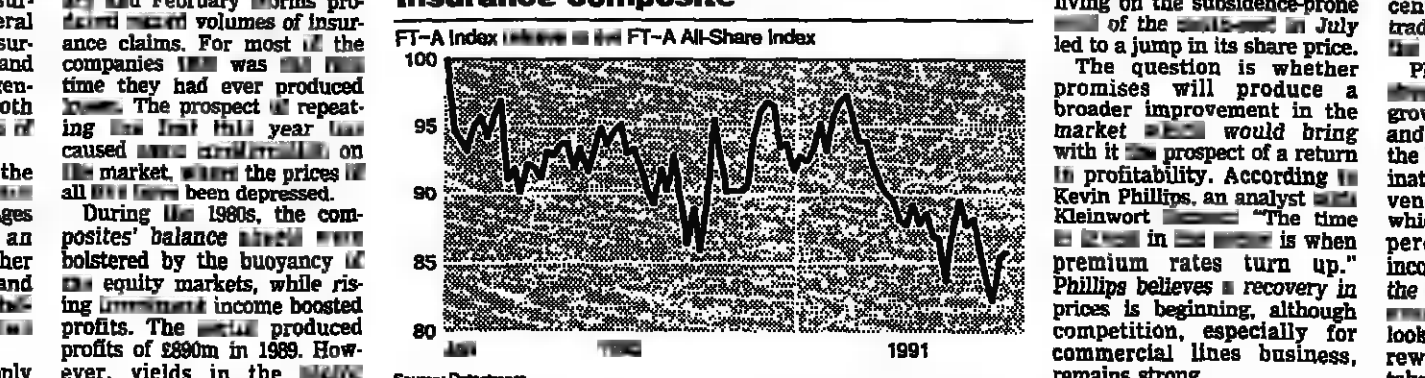
The results make it likely that the companies' losses for the full year will at least equal those in 1990, when the January and February storms produced record volumes of insurance claims. For most of the companies this was the first time they had ever produced losses. The prospect of repeating this last year has caused some consternation on the market, where the prices of all the insurers have been depressed.

During the 1980s, the composites' balance sheets were bolstered by the buoyancy of the equity markets, while rising investment income boosted profits. The sector produced profits of £280m in 1989. However, yields in the market have stayed at a premium to the average. This was in spite of the impressive strength of Sun Alliance, the insurer which invested the greatest percentage of its assets in equities and operationally made large gains. Sun Alliance shares outperformed the FT-A All-Share by over 100 per cent during the year.

All the insurers in January 1990 when the UK and north-west Europe were hit by storms which caused more than £4bn in insured damage. Even after claiming, their reinsurers paid out £1.5bn. The insurers suffered large losses. Worse still, after last year's dry summer, claims from householders' insurance reached a record of £400m. The effect of the Gulf crisis on the equity markets also damaged the insurers' profits. This year the insurers have been hit with claims of up to £600 per claim in their reinsurance. Price competition has aggravated difficulties by making it impossible for companies to charge an adequate margin for the risk without losing market share.

Since January 1990 the insurance sector has underperformed the market by about 15 per cent. The general downward movement has been punctuated by rallies, prompted by promises of price rises. Sun Alliance's announcement that it intended to increase property rates by up to 80 per cent for householders living on the subsidence-prone west of the country in July led to a jump in its share price. The question is whether promises will produce a broader improvement in the market. It would bring with it the prospect of a return in profitability. According to Kevin Phillips, an analyst at Kleinwort, "The time is now when premium rates turn up." Phillips believes a recovery in prices is beginning, although competition, especially for commercial lines business, remains strong.

Allan Nicholls, analyst with James Capel, says: "We are probably the worst." He expects the composites as a whole to record an overall loss of £450m this year - exactly the same as in 1990 - but believes profitability will be restored in 1992. In this view, although the insurers remain in a neutral state - some analysts argue that high yielding Royal and GRE could be seen as potentially interesting recovery stocks. Royal yields 11 per cent and GRE 8.8 per



**Insurance composite**

FT-A Index (smaller companies) rose 1.1 per cent to 558.23 on 16th August 1991, while the FT-SE 100 rose 50.4 to 2821.0. The County Share Index (smaller companies) rose 1.2 per cent to 1191.45 on the same period. The County Share Index believes that smaller companies exposed to the domestic market offer value at the moment. They believe that such companies are highly operationally geared to recovery.

Martin Dickson

Richard Lapper



# A nest egg that won't go bad

# Your friend the taxman

**David Waller**

# Threat to discounted options

**David Cohen looks at proposed guidelines on directors' share options schemes which could turn the Chancellor's dazzling Budget offer into a damp squib**

new executive shares to 5 per cent of total share capital. But a growing number of companies have circumvented this limit by setting up ESOPs, which buy up existing shares.

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## MINDING YOUR OWN BUSINESS

## Instrument maker that sticks to the old ways

Roy Hodson meets an entrepreneur under pressure in the recession

WHAT NEWLY-MADE product can you go out and buy today for a few hundred pounds with confidence that it will become a collector's item? You need look no further, I suggest, than a precision-made mercury-filled "stick" barometer of this official Meteorological Office pattern.

Such an instrument can earn its keep by sitting on your shelf, recording the weather, but it will also look good hanging on the wall. It is a glowing testimonial to the weather, with precise readings of barometric pressure, and it will also look good hanging on the wall. It is a glowing testimonial to the weather, with precise readings of barometric pressure, and it will also look good hanging on the wall.

It took the Blits to shift the business. Bombed out of London in 1940 it moved to a little factory in Watford. A handful of skilled instrument makers went as well. Wally Bunce, the senior barometer maker, personally adjusts every mercury instrument before it leaves the factory today. He joined when he was 14 years old and has just celebrated his half-century with it.

Andrey Russell has been the company secretary for 17 years. She took over the job from her mother, Gladys Brockwell, who had done it for 40 years.

When Wright bought the company with its work force of just ten people he realised that its value lay in the special quality of the instrument range and the skills of the staff specialists. He also looked for a revival in the fortunes of the mercury "stick" barometer. Dorton used to sell more than 700 a year. But sales dropped by two-thirds in the 1980s as schools stopped buying equipment containing mercury - rating the metal "A hazardous substance to health".



Collector's Name: Michael J. Wright, managing director of F. Dorton, with the stick barometers the company has made for 157 years

all our targets except the vital sales target that we made a substantial loss. We have had to baton down the hatches and cut costs to the minimum to survive. Now we are at break-even. But we have survived and that is the main thing. Staffing has been cut back to the original level of 10 jobs.

Wright is determined to expand Dorton

for a second time when he thinks the moment has come. A growing interest in precision mercury barometers as household instruments and places suitable for investment collection represents, he says, one of the brightest prospects for future sales. The company has no competition in that field.

The top-of-the-range Meteorological

Office pattern barometer is called the Kew type Station Barometer (a name from the days when the Met Office was at Kew Gardens). Although it is hand-made throughout, Dorton is still selling it at a basic price of £485.

F. Dorton and Co. Mercury House, Vale Road, Bushey, Watford, Herts. WD23 8EG Tel: 0454 611111

MOST management consultants like to believe they could run their own business as well as those of other people - but few plug up the courage to do so. And as Michael Zur-Spino found when he set up his own cafe, the reality of running one's own business is quite different from the more abstract world of consulting.

"One moment I was a consultant talking to chief executives and flying to Paris or Madrid the same day," he says, "the next I was a cafe owner sorting out garbage collection with the council and negotiating the price of things worth less than one penny, like plastic bags. I went from the very abstract to the very concrete; I suddenly started caring about the price of tomatoes and where to get stationery printed. As a consultant, you take a long term view - now I worry how many people come into the shop every hour."

getting sandwiches because they were often poor quality and dirty, made by people touching money, wiping their faces and not washing their hands, and I didn't always want to spend a lot of time and money in a restaurant."

He began to think about running a cafe and became interested in the idea of using a cafe to sell other kinds of merchandise, as in Germany. "You leverage your space and customer base better. You're not just selling two pounds of sandwiches, but perhaps a packet of coffee, or a box of fine pasta, and so on, on the margin, you raise the average spend."

He developed a vision of the kind of cafe he wanted: a bright, cheerful place where you could have a 15 minute holiday in the sun. He wanted to create an image of "instant sunshine, with good music, friendly but not overbearing service, where, for 30 minutes you could forget about your work and everyday cares."

Encouraged by a number of his retailing clients, he started drawing up a business plan in August 1989, working every evening while he was still at the Boston Con-

sulting Group in London. He also carried out spot checks in sandwich bars and on street corners to estimate average customer spend and potential traffic, and talked to sandwich bar proprietors, property companies, architects, designers and coffee merchants. He felt venture capital was the best option for a first-time, high risk enterprise, and he did not have any

36 per cent following a further injection of cash to open another two shops.

Patriot imposed one condition - that Zur-Spino should run the shop himself for a few months, forcing him to learn on his feet and make sure his ideas worked. Later that month he left consulting.

As Zur-Spino admits, "an unusually high" proportion (26 per cent) of the

budget was spent on design and fittings. ORMS Architects & Design implemented Zur-Spino's concept of a bright, cheery, contemporary Mexican look, plastering the cafe's walls in yellow and white and coating it in beeswax. The shop can seat 33 people inside and out. The chairs outside are the same aquamarine blue as the cafe's exterior and staff shirts.

A further 9 per cent of the budget went on the design of a corporate logo and own

health and hygiene regulations by "which making." The four members of staff are able to concentrate on offering a good, fast service instead.

Around 40 per cent of turnover comes from food and drink consumed in the shop, another 40 per cent from take-away sales and the rest from deliveries to offices.

After only four months, the cafe broke even. But corporate design costs and Zur-Spino's salary will only be retrieved when a second shop is up and running.

Zur-Spino is negotiating to lease a second and third site in central London, near the theatres and a main line station. Eventually he hopes to open cafe-shops outside London too.

He has had far less time than he anticipated to think about the strategic development of the business. When the shop opened, he worked an 18 hour day seven days a week; now, it is down to 12 hours six days a week. As a consultant, he was used to long hours, but quite unprepared for the physical demands of the work. He cycles from Swiss Cottage to Soho, delivers sandwiches on a bike, lugs trays and containers in and out of cars and vans and usually sits down. Yet he's getting used to it. What really hampers him is the fear that the dishwasher will break down again. "That's our nemesis," he says.

## The apostle of the escapist cafe

Heather Farmbrough meets a management consultant who put theory into practice

great concern to own all the company's shares himself. He wanted a partner who would be prepared to give advice and who would understand the need to spend on design and fittings.

In March 1990, Alan Patriot Associates agreed to put up 80 per cent of the original share capital. Zur-Spino contributed 15 per cent, another investor the remainder. This left Zur-Spino with 44 per cent of the equity; his share has since been diluted to

10 per cent following a further injection of cash to open another two shops.

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## FINANCE AND THE FAMILY

## Proof of the Pep

Q&amp;A

BRIEFCASE

I HAVE two Peps, managed by MIMM Britannia and Bank of Scotland respectively. I bought the MIMM Britannia PEP in 1988 the company issued me with a very official-looking certificate showing my name and address, the name of the Pep, the amount invested and the date of issue. However, Bank of Scotland has never supplied any document of this. I have received one valuation, apparently printed on a computer, but this is not signed on behalf of the bank.

What would be my legal position if there were a dispute between myself and the bank as to my ownership of Bank of Scotland Pep, or even as to its very existence?

■ You should insist on some form of title, if only a letter formally acknowledging that the bank has invested money in the Pep and holds on your behalf the relevant investment.

## The X factor

MY WIFE is an inviolable thing almost to the point of being a deity. She finds signing anything difficult and may in time become unable to provide any kind of signature at all. How can we get round this in regards operating bank accounts etc? For tax purposes I wish her to have accounts in her name only. (and I do understand that that means the money is solely hers) Can we use the old fashioned "mark"? If so, does the mark have to be witnessed, and can I witness it?

■ It is still possible for your wife to sign by making her mark, but this does present problems when some bank, say, her own branch or her bank receives a cheque. Consideration should be given to her giving a general power of attorney, or a power limited to the operation of a bank account, while she still manages a full signature.

## The Ex factor

MY SON has left his wife after 20 years for another woman. His ex-wife expects to get an allowance of £850 a month and wants him to pay the mortgage and all the bills. She also hopes to get half the value of the house he has bought. We would like to help him but are

## Trust fund windfall

I RECEIVE a monthly income from a trust fund for life. Upon my death the capital sum invested in a building society passes to a charity. The building society has been merged with another and a bonus has been given. Am I entitled to this bonus or must it be part of the capital sum?

■ Attribution as a windfall payment such as the bonus to which you refer, as between capital and income, is not always easy to determine. Much depends on the basis upon which the extra payment is stated to have been generated. In the case you describe we think that the bonus should be added to capital.

## Paying for others

MY COMMUNITY tax is £200 but it includes £68 is to cover the deficit of those who did not pay last year. Would it attract any penalty if I did not pay this £68?

■ Yes, there is no justification in law for withholding sums attributable to component parts of the Community Charge.

## Correction

A Briefcase answer of August 3 said that a houseowner who paid a premium for an indemnity policy when taking out a mortgage could insist that the building society invoke the policy to redeem any shortfall on sale. This was not correct. The policy is between the lender and the insurer and can only

be invoked by the lender to the property has been repossessed. The lender and the indemnity company retain the right to pursue the borrower for the money.

## Directors' Transactions

SHARES in ACT have performed well since the sale of the computer hardware division and the change of name from Apricot. The price is now not far off the all time high and of the 1.1m shares recently sold, £50,000 were not option related.

Substantial selling continues to place in First Lloyd Corporation, one of the new outstanding performers in the leisure sector. Director selling has been heavy and sustained.

Translaser House financed the bid for Davy Corporation with a rights issue at 190p. Sir Nigel Brookes, the chairman, has switched his ordinary shares into the new "A" Ord, which receive dividends in the form of scrip until 1993. He is a net seller of 60,000 shares. Tony Ryan, a non executive director, who previously held no shares has bought 100,000.

The Jivra family increased

its holdings in Buckingham International to 29.96 per cent with the purchase of 1.8m shares following losses at the interim stage. Hotels have continued to trade poorly since the Gulf crisis.

On several occasions recently, enquiries about large one-off sales have been met with the response that the director had to sell stock to meet a Lloyd's cash call. Directors dealing both in size and in union remain the most reliable indicator.

In last week's article reference was made to sales by directors of Microfilm Reprographics last year. What was not made clear was that since these sales the shares have undergone a 1 for 2 scrip issue. After adjusting for the scrip the shares are virtually unchanged over the period.

Angus MacDonald, Directors Ltd

## DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED &amp; USM)

Company	Shares	Value	No of directors
SALES			
AB Electronics	600,000	600	1
ACT	1,100,000	1,200	2
Benson Crispe	60,000	750	1
Chelston	60,000	750	1
Clarke Hooper	17,000	50	1
Farnell	10,000	23	1
First Leisure	62,450	103	2
Halma	10,000	103	1
Hammerson Prop Intl	17,000	234	1
Hogg Robinson	15,000	23	1
Micromy Associates	10,000	61	1
Sidlaw	250,000	460	1
Smithline Beecham	89,794	572	1
Sterling Publishing	100,000	30	1
Town Centre Sec	30,000	25	1
Translaser House	3,482,488	6,906	1
Transport Develop	7,500	20	1

PURCHASES	Shares	Value	No of directors
Buckingham Intl	1,800,000	412	2
Chillingham Corp	100,000	39	1
Hewatson	10,000	11	1
Scottish Power	14,000	11	2
Translaser House A	2,511,980	5,134	2

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (71% 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 5-8 August 1991.

Source: Directors Ltd, Edinburgh

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## COURSES AND CAREERS - WEEKEND FT SPECIAL REPORT

## Why Britain is getting smarter



Roger Wood and Christopher Wright of Herts TEC

THE WHIFF of cordite that has hung over the General Certificate of Secondary Education ever since its introduction refuses to disperse. Just when it seems that the exam is about to join the mainstream educational mainstream a fresh volley of scepticism is fired in its direction and it is once more joined.

Most recently it has run the gauntlet of prime ministerial displeasure. In a speech to the Centre for Policy Studies last month he laid out the government's educational agenda for the 1990s. John Major reiterated his criticism on the exam's coursework element. "I am attracted to the idea that, for most subjects, a maximum of 10 per cent of the marks should be obtainable from coursework," he said.

John Murrell, managing governor of Hertfordshire TEC, an educational consultancy group, is an ardent supporter of GCSE. "I remain wholeheartedly in favour of GCSE. If you measure it by strict criteria the level of attainment is roughly half-a-year lower than O-level. That is the difficulty with it - it doesn't give children sufficient time to get to the standard within A-level."

Murrell says the exam's dependence on coursework as its true value - "which is frankly why when John Major said we've got to cut that down to 20 per cent he gave me a real concern. It's just possible he was saying it deliberately tongue in cheek to the things up. I hope so."

While the question of coursework is a continuing irritant in the debate, grades achieved by students are they first the exam in should be a neutral measuring rod of its quality. In practice they are not. Both sides see the steady overall rise in grades at GCSE, in particular at the pivotal A-C level which is coming to be regarded as a *de facto* pass, as an argument in favour of their case.

The raw figures themselves are indisputable. In maths for instance the proportion of students scoring grade C or higher has risen from 38.1 per cent in 1985 to 38.1 per cent in 1989 and 40 per cent last year. In English the rise has been even sharper - up from 44.1 to 48.2 per cent and reaching 50.4 last year.

Critics regard this as pernicious "grade inflation". In their opinion it merely drives the 50% of students who are not passing the exam into a state of despair.

James Murphy of London University's Department of Educational Research disagrees - if by standards in most "the overall educational attainment of the nation".

"On that measure the answer to the question 'Have standards slipped?' is a definite no. The simple fact is that Britain has never been richer in better-educated, well-educated and well-qualified people. GCSEs, A-levels and degrees - and even young people are getting better at each qualification."

Murrell's overall view demonstrates a fair measure of enthusiasm for the exam and it is expected to help keep staying-on rates in

education which scarcely changed during the 1980s. Many schools operate "open" sixth forms with no formal entry stipulations. In practice a rough rule of thumb operates, says Christine Brooks, the headmistress of Bishop's Hatfield girls' school, a smallish (100 pupils) comprehensive in Hertfordshire. "In order to come back to take three A-levels you ought to be getting five GCSEs at grade C or above. Perhaps if you got four or five you might be doing two A-levels. Personally I would look to the individual child and bend the rules next time."

**John Murchon on GCSEs - and beyond**

If I thought there were circumstances that justified it," Murchon said.

The 1980s decade around the UK also took GCSEs will find their results next Thursday. Bishop's Hatfield will be one of the schools to give its pupils personal counselling in the week. "The most important thing to me at GCSE - and at A-level - is that it is not the end of the world if the results are not as good as hoped for; there is always a way through."

The budding doctor who scrapes through four grade Cs in GCSE is not going to be anything more than a budding doctor. But there is a

huge amount of choice and doors are not normally closed. It's a matter of picking things at the right time."

That level could be vocational and could be met by a diploma in vocational education. This is a year course with no academic entry requirements, and can be taken in school alongside A-levels or as a precursor to Business and Technician Education Council courses, normally leading to further education colleges.

BTEC first certificate and diploma could lead eventually to degree-level work. For the time being their availability is restricted mainly to further education colleges. Only 73 schools in the country were approved to start the course next term.

Young people who decide to go to 17 against sixth-form school education should consider training credits which are being introduced in 11 pilot schemes across the country. These will be school and college leavers in a new annual training grant for up to two years and offer companies up to £1,000 a year towards the cost of training young people who have full-time education. The size of grants is deliberately weighted in favour of smaller companies (with fewer than 10 employees) which traditionally are

less likely to train their own staff. Mark Wright, managing director of Hertfordshire Training and Enterprise Council, which has been a pilot scheme in April in conjunction with the local education authority, says it will avoid the indiscriminate "blunderbuss" approach of schemes such as Youth Training.

"It is a more sophisticated approach to government funding for training. In the past an awful lot of money that went on government schemes has gone to blue-chip employers which would have done the training anyway."

Comparable pilot schemes have been started in Birmingham, Bradford, Devon and Cornwall, Northumberland, north and south Wales, south London, Kent and Suffolk, and the Grampian region of Scotland. Inquiries about the scheme should be made through individual TECs or local education offices.

Roger Wood, head of operations at Hertfordshire TEC, says about 4,000 of the 7,000 leaving full-time education in the county are expected to take up the credits.

Many in government see training credits as the great hope for a better-prepared workforce in the 1990s and beyond. As Wright puts it: "In many ways it is a difficult time for us. On the other hand the more forward-looking employers recognise that this is exactly the time to invest in training."

Students seeking training opportunities - will know if these hopes are anything more than pious ones.

THE anxious weeks of waiting over. The results through, congratulations and commiserations received, and the inevitable question asked: "What are you going to do now?"

For thousands of students leaving schools, colleges and universities the question is a daunting one. Well and good if you have a burning ambition to be a doctor, or thrill to the sight of a well-ordered accounts. But many people are vaguer about their interests and talents.

There is no shortage of help available, although finding it will suit you takes time and effort. Most schools and colleges are stocked with reference material on everything from astronomy to zoo-keeping. Teachers and careers advisers can offer practical guidance on compiling curricula vitae, writing letters of application, and interview techniques. Independent specialists in psychometric testing and in-depth interviews to help identify suitable areas of interest.

But however useful information and advice may be, what you need, especially after a long period of study, is some practical experience to help broaden your

## Enlightening experience in the East

Marilyn Bentley talks to Katie Bevan who did not know what to do next...

horizons. And it's worth bearing in mind that you need not necessarily be choosing a career for life.

When Katie Bevan graduated from Durham University last year, she had the idea of her future career path. She had made a few half-hearted attempts at applying for jobs, without any particular direction or success. In the summer library she found an advertisement for the Japan Exchange and Teaching (JET) programme, run by the Japanese government. Most participants in the programme are employed as English teachers in Japanese secondary schools.

"Originally I had a lot of doubts about it," she says. "I'd never really thought about it." But her interest in the programme grew as she learned more about the country and the programme. She applied, was accepted and left for Japan at the end of July, on a four-year contract.

On a four-day orientation course in Tokyo with the intention of English speaking participants in the scheme, Katie travelled to Yonago City on the island of Honshu. She was employed by the City Hall, assisting Japanese teachers at 11 schools, which she visited for a fortnight at a time, on a rotational basis.

On first meeting her new Japanese teacher, Katie's pupils reacted with surprise and fascination, particularly at her blonde hair and typically European appearance. "Where I am it's quite rural," she explains. "They've seen foreigners on TV but they don't really see them in the street very much."

The children, aged 11 to 16, were well behaved and enthusiastic, but regrettably in their response to learning. English is a core subject for entry into high school in Japan, but Katie found the students could speak little English, even when having

studied it for years. "They are working constantly for examinations, but it's all geared to listening and writing down, not questioning."

At first, she followed the lesson plans. "But I found I was being used mainly as a tape recorder for pronunciation. I really place more emphasis on communicative activities - listening games, dialogues, role-playing, things like that."

"I try and make my introductions enjoyable. The students are so nervous about speaking English anyway that if they feel more at ease with you, they're more likely to try and communicate. My role is mainly motivation, to show them speaking in language can be fun, a part of meeting foreigners and communicating with them."

The JET programme expects participants to be cultural ambassadors in their countries. A personal and professional attitude is essential, as is adapting to the

Japanese way of living. "It's the only way to get on," says Katie. "You have to blend in and accept the way things are run. The group mentality is very important."

Katie finds the Japanese hospitable, but the native English speakers in the area form the focus of her social life. "I think, in a way, we need each other. We spend most of our time together at weekends, and we go out in groups. There are always Japanese people who come along, but they tend to be the fluent English speakers."

"I find there's a lot to do. My friends, the shops, the schools, are all within cycling distance. Most people in my city have bikes. It's the most convenient way to get around. I cycle to work every day. There's a beach about 20 minutes by bicycle. Also there are mountains about 40 minutes away by car, so we can go there, skiing. We go shopping. There are cinemas, lots of bars, and restaurants with different types

of food. I have a Japanese lesson once a week, and I've joined a Japanese choir."

The work is not arduous - Katie teaches about three lessons a day and, at ¥3,600,000 per annum (about £15,000), it's quite well paid. "The salary is enough to live on, to go out a lot, eat out, to travel, even to save a little."

Katie has decided to renew her contract for another year, and is considering a career teaching English as a foreign language. "I find I've got a bit of a 'rust', she says.

Her experience in Japan has helped her gain a perspective on her future. "For me, it's been completely positive. At first I was a little worried that I should be settling into a career. But I've met so many people in Japan who are older, and there just doesn't seem to me to be any rush any more. If you're enjoying yourself and you're making some money, carry on."

The JET programme is open to all graduates and contracts may be renewed for a maximum of three years. For further information, contact: The JET Programme Desk, Council on International Educational Exchange, 38 St James Place, London W1E 6AT. 071-224-8886

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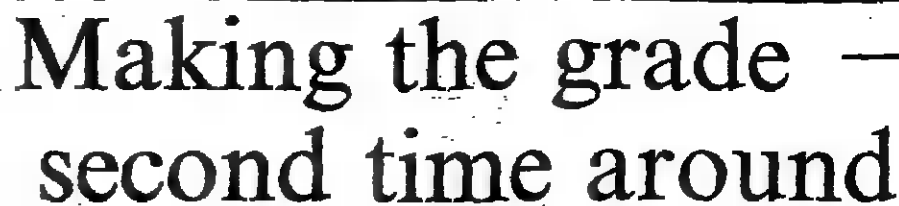
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Financial Times, 125 Jermyn Street, London W1A 1AA. Telephone: 071-225 2125 Fax: 071-225 2125





**Marilyn Bentley reports on learning languages in situ**

of the German-speaking world. The language courses, conducted entirely in High German, occupy the mornings, with optional topics such as German literature and music available in the evenings, while the afternoons are devoted to the slopes.

Dix, his brother-in-law, says, "I'm accompanying the more experienced and intrepid. 'We skip everything,'" he says, "the more nerve-ticking the better — you normally only find mountain goats." Your newly-acquired fluency in German will no doubt come in handy when you have to explain what you have broken. Tuition and half-board accommodation cost £306 per week, excluding travel and other expenses, and insurance.

If you're still undecided, appeal to your sense of adventure, your legs, you might enjoy learning how to make authentic Italian pasta and *frittata*, at the Centro Linguistico Italiano Dante Alighieri.

MPW was also founded in the mid-70s. It has 750 students, 500 in London and the rest at its branches in Birmingham, Cambridge and Bristol. "We occupy a niche for people for whom the conventional system does not seem to work," said Roger Potter, principal. Both colleges have benefited

from increased demand from students taking their A-levels for the first time. More parents are prepared to allow children to make their own choice of school: their faith in a "well-rounded" education has declined and desire for results has increased. "Parents," said Templeton, "are paying for grade improvements."

On short retakes Lansdowne students gain, on average, a two-grade improvement per A-level. But then, as Templeton pointed out, "on the law of probabilities students will do better. We have smaller classes

**Seeking a  
crammer? Peter  
Berlin looks at  
the options**

than seven at M.P.W. Students doing A-levels can do three or four full-load. M.P.W. occasionally runs ~~three~~ ~~four~~ doing resits with their ~~A-level~~ ~~A-level~~ for first time. ~~Students~~ ~~Students~~ not because, said Templeton. ~~Students~~ they need ~~a~~ tuition.

For ~~the~~ Lansdowne uses "happy, relaxed motivators". "The students are given 'activity based learning' - very different from the traditional approach of public schools. Both emphasise exam technique. "There is an emphasis on controlling exams. Some have a lot of nerves, especially retakes," said Templeton.

There are drawbacks. Universities, said Templeton, will almost always require higher A-level grades from resits. The second is the cost. Tutorial colleges are generally expensive: three January resits at MPW cost just over £4,000.

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## TRAVEL/MOTORING

# Grandeur and grime, and always the wind

Teresa McLean delights in the luxury of Chatsworth House and is intoxicated by the open spaces of the Peak District

THE rules in Derbyshire are usually wet, always cold. Derbyshire is a beautiful county of a wild and windswept way, but you would be mad there in anything that could be called winter or spring without a heavy coat, layers of warm clothes, gloves, boots, thick socks and woolly hat ward the wind. Summer is sometimes different.

We started our few days there in Easter by meeting my parents at Derby station, a building that is singularly hard to find because there are hardly any signs to show where it is. I drove round town, flurries of rain blowing to the windscreens, the only signs seemed to be the grim, brick chapels which abound in Derbyshire.

Having eventually found station and my parents, I drove north, towards the District. It starts suddenly. About 10 miles north of Derby the landscape changes from low hills to high, criss-crossed with grey walls and cut through by steep river valleys. There are limestone quarries everywhere, most of them disused, giving the countryside a haunted air and a certain beauty, echoed by the sound of the wind constantly moaning.

There are lots of small farms. They are perched on hilltops and hillsides, farmers keeping sheep, pigs, goats, assorted fowl, growing a few vegetables and, the most of them disused, giving the countryside a haunted air and a certain beauty, echoed by the sound of the wind constantly moaning.

We had struck it lucky with hotel, Quarnford Lodge - a kind of modern medieval folly with monastic undertones. It was built about 20 years ago to look like a ruin of a substantial medieval house, complete with fragments of household buildings, ruined walls and medieval arches and windows inside. I had its quota of and wandering round the field behind it, so the lovely and fresh. The proprietor, Mr Hemmings, had spent of his working



Chatsworth House: everything about it is grand in its own manner

life selling chemicals to farmers, he knows where not to buy meat and vegetables. The food he serves is simple, chemical-free, well cooked and delicious, in the roast rather than the suburban-and-walnut-mouse style.

Of all, there are two huge fires, big enough to hold whole branches at a time, which crackled away in the fireplace behind us while we dined.

The day we ventured out, you could walk Derby-

shire hills and moors for days without meeting another living creature except moorland sheep or huddles of cold sheep. If you are not there in the summer, the plan is probably to walk, as we did, in short bursts, keeping a refuge within close range. We chose Chatsworth as our first refuge and it was an experience. Chatsworth is just grand; every one of its priceless paintings, every dining service in every dining

room, every table in its 50,000

library, is in the grandest possible manner.

The grounds you see are a world of incomparable nobility. The 6th Duke of Devonshire, a great reservoir, the Emperor lake, built on top of the hill east of the house, supply water for Joseph Paxton's Emperor fountain, one of the many monuments in the new garden. The design was hired 1838-1844 to design and lay out the Duke's house. One day is hopelessly lack-

quote for looking at splendour on this scale, and the carriage-house has been converted into a restaurant and coffee-house for those who begin to flag.

There is a gift-shop where you can buy everything from pre-Raphaelite paper table napkins to Chatsworth playing cards and expensive biscuits. A hall-storm stoppel in making much progress into the gardens or parkland. Two of our party found shelter in the hollow trunk of one of the dead trees which are every-

where to be seen. The rest of us returned to the carriage-house. Once outside the Chatsworth estate, the rocks tumbling rivers at the outside world as a shock. There are spectacular walks on all dramatic scenery, quiet and empty. Only a railway every so often, a scattering of old quarries and a few of the time of the reminder you that other people were there before you.

Intoxicated by all the open space, we took the unhappy decision to go to Leek, a few miles across the border in Staffordshire, for a bit of urban companionship. Thursday is not the day to go to Leek. Its buildings, covered in sooty dust, are depressing - dreary little clothes shops with 1960s dresses and thick stockings in the window.

Everything was closed. The only thing open in the market was a stall with some tired fruit and no-one to sell it. The bitter wind and rain drove us into a truly horrific pub with "Liver and Onions £2.50" written on a blackboard next to an artificial fire in the bar. There were four men on a bench, two old and bald, without a tooth between them; two young and thick-necked; all of them speechless, watching us. We left Leek for Buxton. It is a small town, proud of its outspoken character. Famous for its waters in Elizabethan days, it was made into a fashionable spa town by the 5th Duke of Devonshire, who wanted it to be a second Bath. It boasts a large, working opera house, a fine late-18th century crescent and assembly room in the Adam style, numerous stately, prosperous Victorian buildings and a delicatessen selling Buxton Blue, the rich, Silken-like local cheese.

Nearby Bakewell is smaller and humbler than Buxton but, like Buxton, is friendly and delightful, the perfect place for the second-hand bookshop we found in one of its climbing, curling streets. If you are through Buxton and Leek in the mood by taking the most minor of Ordnance Survey routes through Buxton and across farm tracks, you come to Haddon Hall, the perfect, romantic family house, an antidote to Chatsworth, a gorgeous farewell to Derbyshire.

The Vernon family acquired Haddon Hall by marriage in 1170, but the house as it is today is mainly late medieval with extensive 16th and early 17th century alterations and additions. Among other gems it has an exquisite carved long gallery on the site of the room from which Dorothy Vernon escaped during her sister's wedding in 1658, through the gardens and across the river, into the arms of her lover, Lord John Manners, who was waiting for her in the night for his beautiful bride and her beautiful inheritance.

Quarnford Lodge is at Quarnford, Buxton, SK17 0TL, tel: 0296-255555. It is four miles from Buxton, and eight from Leek, on the A53, in the Peak District National Park. Bed & breakfast, £40 to £48 (double room); half-board, £24 to £27 per person daily. Evening meal: 7pm-9pm. Access and Visa.

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## French win the Fastnet Race in style

FRANCE's extraordinary victory in the Champagne Admiral's cup will silence those who say that the 606-mile Fastnet has no place in a modern inshore orientated regatta. When the ocean classic started off Cowes last Saturday, French three-boats lay fourth in AC points.

In the previous five races the French team had been with a regional class but little consistency. Visually they were winners, each of the yachts being painted in the yellow and gold livery of the sponsoring Corum watch company; but there was no indication that this would bring home a trophy France has been trying to win since 1963.

Two risky, but correct, judgments weather patterns and freedom from being covered by the leading teams let Corum Saphir, Corum Rial and Corum Diamant post a first/second/first result for the Fastnet, Diamant into Plymouth 10 minutes

before the first Two-tonners, an incredible achievement for a much smaller yacht - the One-Ton. "At the end of the day the Admiral's is always won or lost on the Fastnet. And the French is always won by intuition and experience," commented Andrew Hurst, skipper of Port Penennis, British One-tonner placed fourth.

Corum Saphir, the French 60-footer skippered by Pierre Mas, made her last day in the pack early last Monday. As she tacked along a short line from Land's End to the Rock, Mas was in the lead. Shortly afterwards, the wind shifted and Corum Saphir reaching towards the Rock at nearly 10 knots, while her rivals beat wretchedly against the tide.

At the Rock, Mas was 45 miles in front of the pursuing fleet. An incredible lead. "No genius, it was obvious from the weatherfax," said Corum Saphir's navigator, Jean Yves Bernot, as they docked in Plymouth. Certainly there were signs for all to

see in the meteorological data, but the other yachts were busy watching each other. "We discussed the option of going north all around the time," commented Mike McIntyre, 1986 Olympic gold medalist in the One-Ton, skipper of Juno, the British 50-footer.

**'The French move broke all the rules but the gamble paid off in a big way'**

"But if you're leading, you don't take real risks." With Corum Saphir so far ahead, the real battle was between Juno, the British 50-footer, and Juno. Through the night they rounded the Fastnet they were within four or five boatlengths of each other. "It was a really exciting, really exciting," said

McIntyre. The French peninsula, Juno within 100 metres of the shore, looking for a land breeze. McIntyre followed them in. Both boats fell into a windless "hole," drifting while the opposition sailed steadily round them, half-a-mile out to sea.

They were just about to be on the wrong side of the last parking lot. It was the fourth or fifth time in the race that the boats had turned the dice. McIntyre, who finished seventh in the division.

Corum Saphir sailed on the run from the Fastnet to Bishop Rock, the lighthouse off the Scillies. Corum Port Penennis, mainsheet trimmer Chris Mason, watched the French boat ignore the current and sail a direct line for Bishop. With light fluky breeze predominating on the return to Plymouth, the French were sailing gybing angles in try and maintain boatspeed.

The French move broke all the

rules but the gamble paid off in a big way as the fleet converged and turned to port at Land's End. "We ignored the French and worried about the Italians. That's the real story of the race and why they won," mused Andrew Hurst, who did a fine job as late replacement for Jo Richards - a victim of glandular fever caught from his children.

At one point on the dockside in Plymouth it looked as if the One-ton could win if its One-tonner Vires finished third or better. However, when the yacht - current world champion in her class - docked at 17.24pm, she was fifth and the French were already downing the sponsor's product and throwing each other in the dock.

Even if Britain did fail to keep the Admiral's cup, the French were maintained. Juno drifted into Plymouth Sound with no-one on deck and a realistically oil-skin-clad dummy dangling by a noose at the end of the spinnaker pole. "You can't lose your sense of humour," said skipper McIntyre.

## May the power be with you

FOR MANY motorists, there are only two kinds of cars: those with power steering and the other sort that is a struggle to park. If you are in the latter category, then you need the power or power-steered into automatics or manuals.

I have power steering as pleasant - and having to wrangle a car into a meter bay so disagreeable that I would never buy a car without it again. The two-pedal control. The gearbox invented 100 years ago by a Mr. Gregoire. It is said, a brutal device but I would have to do until something better came along. Some years ago I was

benefits are being appreciated at motoring's broad and modestly priced base. Keen drivers used to argue that power assistance smothered the feel of the steering that allowed them to road grip. Automatic transmissions sneered at by opinion-formers for blunting the edge of a car's performance and ruining its fuel economy.

There was, I concede, quite a lot in these assertions years ago, but neither is true any more. Modern power systems simply take all the effort out of the steering, none of the feel.



At the best small power-steered automatics is one of the cheapest - Daihatsu Charade 1.3, on the road for under £9,000

Automation no longer means up to 10 per cent of every litre of fuel put in the tank. Yes, they are slightly thirstier, though some of the latest ones are virtually the same economy as manual gearboxes. For those who want the power steering, controlling them through the engine's electronic management system, giving the changing gearboxes the more manual feel of three, and locking the hydraulic torque converter out of action when cruising. Price is the only drawback. Automatic transmissions are more expensive than manual gearboxes. The smaller and cheaper the car, the greater the premium one has to pay, though it is hard to

see why it should add £1,000 to the price of a Daihatsu Clio, £751 to a Peugeot 309. One has to look more to the benefits of two-pedal, power-steered motoring within reach of private motorists than the Japanese. Run your eye down a list of these easiest-to-drive cars with showroom prices of less than £10,000. All but two - Peugeot 309 and Daihatsu Clio - are either Japanese or Japanese-influenced. (Both the Daihatsu Clio and Daihatsu Clio use a lot of Mitsubishi technology.) Daihatsu Charade CX 1.3 £7,511 Daihatsu Clio 1.3 £7,511 Mitsubishi Clio 1.3 £9,327 Peugeot 205 XL 1.6 3-door £9,783

Small, power-steered automatics are ideal for people who live in a city mainly in town and spend as much time parking as driving. Mature motorists find that as the years roll by and middle age starts going to the youth world long ago, their attraction grows greater. I would not change any of them for a long motorway journey - though I do not say they are perfect. Perfectly well with a 100 mile (64 kilometre) trip in a day. It is just that you appreciate their benefits more at lower speeds and in crowded traffic. Of two-pedal control can be a great beyond price when you find yourself caught in a motorway tailback, creeping along for an hour in the starts.

Stuart Marshall

## Hypnotherapy: a cure for the mad axeman

A COUPLE of years ago I referred to the mad axeman of the 1970s - the man driver who battered a Vauxhall Cavalier with a pick handle and then using it to threaten the owner over a minor traffic dispute.

Robert Farago, of Hampstead, London NW3, wrote in say that he was a professional hypnotherapist, and that he had been asked by a client to help a driver who was driving aggressively. He reckoned, though, that we English (he is American) "are but little compared with the lupine American careering down roads."

His judgment is that aggressive driving is nothing more than a bad habit. As a professional hypnotherapist, he is like the Stimulus: driving in car. Response: aggression. Result: a feeling of mastery and domination.

His answer: court-recommended hypnotherapy for reckless drivers. "Perhaps I do live in a dream world, but what I live in is where drivers become mad axemen," he asks.

The old but the mad driver has no incentive to mend his ways. Positive encouragement from someone who respects his product and his new behaviour should be rewarded. What if the mad axeman's hero figure was Rambo?

"If a teenager's friends call him a jerk for driving carefully, he'll slip back to his old pattern. If his girl friend tells him how safe she feels while he's driving, welcome to Clean Licenceland," says Farago.

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Command hypnotherapy. Farago, could make his behaviour as natural as

## MOTORS

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## HOW TO SPEND IT

## For baby faces and mothers' graces

Lucia van der Post presents a seasonal wrap-up of beauty aids, bags for babies, toys for toddlers and the best books for travel reading

**W**E MAY have been having a quiet summer but all is not quiet on the beauty front. Dear me, behind the scenes the white clouds have been feverishly trying to crack the busy problem of our times - ageing skin (Ah, me).

Who doesn't take a mathematical genius to work out that if we are all living longer then there are many more years in which to sell us wrinkle creams, eye soothers, throat lozenges, brown spot beaters and all the other paraphernalia for the sorrows that the modern face is heir to. The rewards for the companies that get it right are enormous.

Nobody has put more money and effort into getting it right than Shiseido, Japan's leading cosmetic company. And on August 26 it launches its first UK store in London and good department stores a range of products that encapsulate all its latest researches into skin care. The collection is called Vital-Perfection, and it is backed by impressive scientific data which those of us without PhDs in relevant subjects cannot really understand. However, I can safely say that for all the daunting scientific pedigree, the range has an appealing simplicity.

The packaging is clean and simple in the extreme - no cut-glass containers, no gilt or fancy come-ons, just simple opaque glass containers with cream tops. The range is limited and is based on the three basics of skin-care: cleansing, softening and moisturising.

What you may be asking, is therefore new? Shiseido believes that oxidation (the same process that causes the discoloration of a sliced apple or avocado) damages the skin and thus accelerates ageing. Oxidation in turn is accelerated by "free radicals" - the big baddies of the beauty business - and exposure to ultra violet rays from the sun. With this range Shiseido has found a method of delivering oil-soluble vitamin E and water-soluble vitamin C together (each is known to be of great benefit to skin but until now nobody has found a way of combining them in a stable way) and it believes that this combination helps greatly in both preventing and repairing damage.

For cynics who still wonder whether the whole beauty business isn't a vast plot to persuade us to buy expensive potions when any old cream would do, Shiseido has every customer the chance to have her skin analysed (it's computer-based and you get a photograph so no cheating) and then to come back 11 months later and see whether it has been improved. So far all the evidence is that the customer can tell the difference. The simplest starter kit would cost \$66. One other piece of advice - one is almost never too young to start protecting the skin. Vital-Perfection may be specifically targeted to counteract ageing but the evidence is that the younger the skin, the greater the improvement.



Colourful Imbenge baskets hand-crafted in Kenya. £9 to £29

With motherhood, the providers of babygoods seem to assume, comes a softening of the taste-buds, a fondness for cuteness, for twee motifs and a profound fixation on pastels. Lulu Guinness noticed that her friends with babies complained bitterly of the lack of a table baby bag that carried all the myriad things a new baby needs for a mere few hours' away from home AND

looked like something a grown-up person might not be ashamed to be seen carrying around. She set about designing a bag using a gold and black plastic cotton fabric designed by Celia Birtwell. It has all the practical elements the new mother needs - a side pocket for bottles, central space for nappies, a detachable padded changing mat and a handle for carrying it. Designed modern, can carry it with pride. Available by mail order from Altona Harpreeves Associates, 51 Hambury Street, London E1 for £49.95 (inclusive of p&p) or from Celia Birtwell's fabric shop at 71 Westbourne Park, London W2 for £49.95.

Anybody about to set out on car journeys, aeroplane rides or facing prolonged incarceration with children might think it well worth investing £19.99 in a BabyPack. The BabyPack is a travel kit answer to what it calls Bartus Simpsonson's (Thoroughly Objectionable Child Syndrome) and is a foldaway play pack filled with goodies to keep children between four and eight years old occupied. It reveals a series of see-through pockets holding 28 different goodies from shaped scissors to colouring books. Frog Frolics is at 123 Midfield Road, London SW10.

Babies who are in or near the water could bob happily and safely in a pool wearing Kelly-Hansen's Mini-Navigator Buoyancy Aid. It should also be a must on boats with babies aboard. It is designed so that the baby is turned on to its back with its head resting on the large collar, well clear of the water. There are also safety patches and straps and a carrying handle. £26.50 from Kelly-Hansen stockists.

For those who might like to know how to have their very own "personal buoyancy aid". Even dogs, Kelly-Hansen tells me, have difficulty surviving in the cold sea waters - hence the "Doggy Aid". It is an adjustable webbing strap, a carrying handle and strong fastenings and comes in small, medium and large sizes, all for £24.50. Kelly-Hansen products can be found at the London Yacht Centre, 13 Artillery Lane, London E1; Yacht Parts, 99 Fulham Palace Road, London W6 and David Carver Sales, The Boat House, Commercial Road, Brighton, Cornwall.

More ideas to keep the kids out of your hair are to be found at the Museum Store, 37 The Market, The Piazza, Covent Garden, London WC2E 8RF, which markets goodies from museums all over the world. A pack called Paraphernalia for Paraphernalia costs £14.95 and comes from the Metropolitan Museum of Art, New York. Filled with things like theatre tickets, menu cards and sale signs, this is a pack for the imagination.



Egyptian mummy. £19.95. At the Museum Store, Covent Garden

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House portraits by Kate Butcher start at around £175

tive child. Astronaut ice-cream (disgusting, but kids love it) from The Air and Space Museum Washington is more of a phenomenon than a treat for the senses - it reconstructs the mouth, £2.25. There are also old-fashioned games like Spillkins and packs of Plastiline. Finally, Air Time will, pools or beaches to lounge around on there is the Egyptian Mummy Lilo (£19.95) from the Museum of Fine Arts, Boston.

Also from the Museum Store but not so much for children - more for those looking for unusual presents - are colourful Imbenge baskets traditionally woven from telephone wire by Zulu nightwatchmen and also stocked by The Museum of Mankind. Bold, rich and varied they make ideal repositories for fruits and vegetables, collections of any kind, jewellery, beads or make-up. Prices range from £9 to £49.

If you are short of time and about to go off on holiday to some destination you know all too little about then Books For Travel can help you. You give them a ring (011-228-7675) or fax (011-228-7675) or better still send a postcard (PO Box 1267, London SW5 1LQ), tell them where you are going and what your interests are and they will put together a suggested book pack.

A typical list might include a guidebook, map, phrase book, a history of the country or area, an architectural book, a travelogue and couple of relevant novels. You then tick the books you would like, send a cheque for the cost of the books, plus postage and packing, and a lovely package arrives a few days later. A wonderful service for those who have the time either to do all the research themselves or to track down the books. The whole point of the exercise is that it is personal - if you are, say, passionately interested in gardens and hate museums, then you get a reading pack to suit. As I'm shortly off to Africa I tried them out on Botswana and was given an excellent list.

Kate Butcher creates charming house portraits which she then presents to you in the form you fancy - a straightforward portrait or printed up as postcards. As you can see from the postcard printed left her style is sweetly innocent, filled with naïf simplicity and charm. All in full colour, prices vary depending upon the time taken. House portraits start at £175 for a small house. A thousand postcards with your address on the back cost £225. Contact Kate Butcher on 071-228-7675.



Top: a tote bag to satisfy baby and mother: this practical idea from Lulu Guinness is around £17. Above and potential life-savers from Kelly-Hansen, the baby buoyancy aid is £26.50 and the Doggy Aid is £24.50

## FOOD &amp; DRINK

## Jewel in the culinary crown

Why is London full of Indian restaurants? Nicholas Lander explains

**L**ONDON probably has the highest concentration of Indian restaurants outside the Indian sub-continent itself. I have spotted many French restaurants in my part of town, even an "oriental brasserie" and plenty of cafes and pubs. But by far the biggest single group of restaurants is Indian. I counted no fewer than 14 inside two square miles.

While the new wave of talented British chefs is busily catching up with counterparts in Europe and California, visitor to the UK who is interested in original cooking should not leave without trying at least some of the delicious Indian food on offer.

The roots of this plethora of restaurants - and even the office of the High Commissioner for India in London was at a loss to put a figure on just how many there might be in the UK - go back to the 15th century when Romany gipsies, descendants of the nomadic tribes of north-west India, first arrived in Britain.

As India became the jewel in the crown of the British Empire she influenced its food with such dishes as mulligatawny soup and kedgeree.

Benjamin Franklin has written about this in *Curries and Bangles* - a cookbook of the British Raj (Viking £16.99), and last year Chutney Mary opened just off Kings Road, Chelsea, to serve this style of food (071-351-3113).



Mujibur Rahman, manager of the Jalandhar, shows off his wares

Such an economical workforce will enable many Indian restaurants to survive the recession. So too will their relatively low cost. Aside from a tandoori oven, Indian cooking requires little of the expensive culinary equipment which can hinder the financial well-being of a French or new-wave Italian restaurant. Nor, with only one or two exceptions, has Indian interior design ever been its selling point. Two Indian restaurants should entice more people to bet-

ter Indian restaurants today. The first is the Jalandhar, a fashion which must reach its peak on the Indian sub-continent.

The religious differences which so easily pull the country in many ways pull India's chefs in highly inventive: Muslims will eat meat, Muslims will eat shellfish.

Most impressively, in 1987 he opened Jalandhar in Charlotte Street, W1. (071-636-1179). Here he tried to allay many of the misconceptions that still haunt Indian cooking; that it is stodgy and too hot to give pleasure and that it had to be eaten in dark rooms covered with black wallpaper. At Jalandhar he employed the upmarket designers Fitch and Co.

As to which is actually the best Indian restaurant, it is hard to say. Among cognates they are as much passion as their more publicised French counterparts. Other than I have already mentioned my London favourites would include the Rajdoot W6 (071-748-7345), Kundan W1 (071-894-9434) and Gopal's of Soho (071-494-1821).



Bill Rattler (left) in Cortescrew Wines with its new owner, Laurie Scott

## The art of the slow deal

**I** AM very worried about the state of the wine trade in Britain. Bill Rattler has just opted out of it. I realise now that I had always seen him as a bit of a raven at the Tower of London: if he leaves, things must be bad.

My last visit to his wine warehouse in Carlisle, Cumbria, gives you some idea of his management style. When I drew up at his railway arch under the main Euston-Scotland line it was 11am on a Saturday, potentially a good time for wine sales, I would have thought. The place was firmly shuttered, the only sign that it might ever open again being a bit of torn cardboard on which had been scrawled in red felt tip pen: "Back in 10 minutes".

Ten minutes later in Marks & Spencer, Carlisle's Cashbar, someone grunted at me. Bill Rattler, tall, wearing denim and speaking very slowly as usual, but otherwise entirely unlike a sharp shooter, I explained I really rather wanted to buy some wine from him - if it wasn't too much trouble. He had just "popped out", he said, for something to eat. He ventured that he might be back at Rattler's Wine Warehouse in, needless to say, "10 minutes" before smiling off in the opposite direction.

It was about seven years ago when he was 27, that Bill Rattler set up shop as a wine merchant or, as he puts it, "it was a hobby-type thing that just took over". One would normally say that he had "got the bug" or become a wine enthusiast. He has operated with admirable single-mindedness and dedication to wine, but these expressions suggest an urgency that is entirely lacking in Rattler.

The hallmarks of his business have been readily apparent: somnambulism, and a dogged refusal to pander to anyone else, particularly customers and most especially those who might trip into his arch asking for Liebfraumilch or Chateau d'Aud.

He has certainly forfeited many a sale by seeming downright rude to those who do not happen to share his love of wine, but others have loved him for his habit of painstakingly writing out in his tatty invoice book the name of every wine bought, adding up the total on a calculator and then muttering: "Oh, call it 250."

On one visit my attention was caught by a substantial pile of cheap 1989 whites. "Is it on the way down?" I wanted to know. "It was never there," he said. "I haven't the heart to sell it to anyone."

Instead of doing anything as name-

Jancis Robinson mourns the "retirement" of wine dealer Bill Rattler

by-pammy as courting custom, he has basically used his seven years in the trade to educate his palate so that it favours things like 15 bottles from Australia and 20 bottles from Italy - not exactly a roaring success. It is just as well then that he is happy to take a "quite substantial" amount of stock that I couldn't bear to be parted from but which he "opened" as part of the purchase price for the wine from Laurie Scott, a dapper businessman from the south who has turned Rattler's Wine Warehouse into Cortescrew Wines - complete with Liebfraumilch.

Stone much of Cumbrian society would like to know just how much Scott paid Rattler for this business in an arch - where would the wine trade be without the British Rail Property Board? - I did not find out, but breaking the local rules about asking direct questions.

Bill, a farmer's son, had apparently used the proceeds of a previous career in a fish and chip shop - "very character building" - to fund his wine business. I asked him whether the wine warehouse had been a financial success, a question he clearly needed some time to think about. "Well I suppose I'm back to square one in terms of capital, if I take into account what I've drunk or taken out of the business," he told me reluctantly, standing by his dusty shelves. "Last time, And I might his start-up costs be today?"

"About £15,000 for stock. The rent's been £2,500 a year, about £1,300... You mean including fixtures and fittings?" He had piled his wine boxes and gave another slow grin. "Well, I really did anything, I suppose."

The irony is that, while the rest of the British wine trade is experiencing its worst in living memory, things were just starting to go right for Rattler, Carlisle's only independent wine retailer. The year between the start and the end of his sale to Laurie and Jenny Scott was his best ever, a fact that might make another man think twice about giving in to something foodie," he says of his long term plans. He has quite enough to drink over the short and medium term, after all.

I was there as the new purchaser strode back from the licensing clerk to take over the arch from its previous shambling incumbent. As luck would have it one of those housewives put her nose in and drew from her handbag a label soaked off on holiday. It had been a fizzy, pink, sparkling Muscat. Did they have anything like it?

The Scotts immediately got to work, energetically cross-selling, but students of body language would have enjoyed the way they put their hand in his pocket...











## BOOKS

# Columbus returns to terra firma

A new biography debunks some of the myths that have grown up around the great navigator. And not before time, says Ian Thomson

SOON AFTER Baby Doc fled Haiti in February 1986, a two-ton statue of Christopher Columbus was toppled into the sea at the capital of Port-au-Prince. The plumb of this stone memorial – all that remains of our Genoese navigator – stands within a short distance of the US Embassy. Pitching Columbus into a watery grave was Politically Correct, a gesture against colonial interference in the affairs of Latin America.

This was a prelude to the brouhaha that would explode in the build-up to the fifth centenary celebrations of Columbus. The discovery of the Americas in 1492 will no doubt serve as a hieroglyph for the despoliation of nature and the corruption of natural man. Harold Pinter has argued as much at the House of Commons; over in Cuba, Fidel Castro has proclaimed himself an Honorary Indian and denounced the Conquistadores as ecological terrorists. Things were very different with the quatercentenary of 1892. Anton Dvofak conducted the debut of his *New World* symphony at Carnegie Hall; James Fenimore Cooper published his Columbus novel *Mercedes of Castile*; on Seventh Avenue they unveiled a statue at the crossroads with Broadway and named it Columbus Circle.

It is refreshing, as we prepare for the revisionist gloom of the quatercentenary, to find a biography of Columbus which takes no moral high ground on matters ecological or political; which seeks only to cover the essentials with becoming brevity, and to set the record

straight with a minimum of philosophical flimflam. Felipe Fernández-Armesto is a fellow of St Anthony's College, Oxford, and knows what he is talking about. The man who emerges from the pages of *Columbus* is a world away from the Master of the Ocean Blue familiar to every schoolchild; rather, here is a vulnerable figure of vaulting ambition who was decidedly cagey about the lowliness of his origins (he suppressed all mention of his Genoese weaver-father), yet confident that he had a personal covenant with God. Columbus was indeed prone to providential and Messianic delusions; his habit of ferreting for scriptural prophecies of his own

**COLUMBUS**  
by Felipe  
Fernández-Armesto  
Oxford £16.95, 318 pages

work, the belief that he might help his patrons Ferdinand and Isabella to conquer Jerusalem before the End of the World – all point to a man who was in equal measure millenarian fantasist and scientific cosmographer, as much a prey to heavenly visions as to oceanic derring-do.

For five hundred years, Columbus historiography has dabbled in undisciplined speculations, errors and false impressions. The great strength of this biography is that its sources are unimpeachable; Fernández-Armesto has been diligent in his consultation of the marginal annotations which Columbus scrawled over his own books,

(preserved in a library adjacent to Seville cathedral, and he is sceptical of Bartolomé de Las Casas, the 16th-century missionary philanthropist whose writing has been fundamental to all modern exaggerations of Columbus).

From these and other authorities, Fernández-Armesto builds a portrait of the navigator which is anchored in the context of the world in which he lived. The chapters which chart the first Atlantic crossing in 1492 are exemplary. They show how every element in the thinking that underlay this enterprise was part of the common currency of geographical debate in Latin Christendom at the time. Columbus adhered to Ptolemy's view that the world was a perfect sphere (it is nonsense to believe that the council of Castilian elders employed to scrutinise his original plans for transatlantic travel ever thought the world was flat), and that it was possible to pass from western Europe to eastern Asia across the Atlantic. To the end of his life, Columbus persisted in the illusion that he had found a short route to the east. He was also convinced that Cuba was a province of China, or perhaps the mythical land of Cipangu – Japan. These beliefs were substantiated by readings of Strabo and Pliny, Marco Polo and Macrobius.

It is fashionable among revisionist historians to claim that Columbus was an ignoramus, a second-rate seaman who bled into the New World through pure dumb luck. Fernández-Armesto will have little of this. Dead-reckoning and celestial observation were the

primitive methods of orientation; irregular time was kept by sand-filled hour-glasses. This only contributes to the crowning achievement of Columbus, which was to find the first commercially exploitable route to a new continent separate from the Eurasian land-mass.

Fernández-Armesto is at some pains to debunk Christopher Columbus's current reputation as an imperialist exploiter. His aim in navigation was largely commercial; gold was the fundamental spur to exploration. The search for mineral treasures inevitably involved slavery, but revisionists are wrong to lay the blame for this on Columbus alone. When we commemorate the sixtieth anniversary in 2002, I suspect that Las Casas will emerge as the real villain of the Ocean Blue. As an alternative to the cruelty of submitting the indigenous peoples of the Caribbean to heavy labour, Father Las Casas suggested to Ferdinand and Isabella the importation of Negroes from other Spanish colonies. To this peculiar twist of philanthropy we owe the first shipment of blacks to the New World and the beginning of all subsequent sorrows in the Americas. But that is another story.

Felipe Fernández-Armesto's *Columbus* will stand as a beacon of light on the mountain of Columbusiana (T-shirts, mugs, movies, tedious dissertations from the University of Radical Chic) which threatens to crush us all. It is very well-written, the research impeccable, and a rattling good read besides. So hats off to Columbus; he deserves a new astrology.



Out of Italy, 1450-1650, by the distinguished French historian Fernand Braudel, is published for the first time in English in a sumptuously illustrated edition (Penguin, distributed by Thames & Hudson £25, 245 pages). Braudel, who died in 1985,

ranges from the Renaissance through to the Baroque in this analysis of how a handful of Italian cities came to dominate Europe. See here: *St Augustine Teaching Rhetoric and Philosophy at the School of Rome*, by Benozzo Gozzoli.

## Fall of the house of Flower

Anthony Curtis leafs through the memoirs of a publishing heir



Desmond Flower, in profile

DESMOND Flower joined the publishing house of Cassell in 1930. He succeeded his father, Sir Newman Flower, as chairman of the company in 1958. He remained in office until 1971. By then he was 65 and Cassell had been taken over by the American publishers Crowell, Collier, Flower was, as he puts it, "invited somewhat brusquely to retire" – which he did.

Crowell, Collier subsequently sold Cassell to CBS and it became part of their UK-based publishing division. They in their turn sold it back to a British company, the Philip Sturrock Consortium, to which it currently belongs as part of a group including further acquisitions, Geoffrey Chapman, Ward Lock, Mowbray, Mansell. Thus, since 1986 Cassell has had a renaissance and has begun to republish some of the old reference-book stand-bys such as Mrs Beeton's *Cookery and Household Management* and Brewer's *Dictionary of Phrase and Fable*.

Desmond Flower's career, as recorded in these comprehensive memoirs, spans the period when many of the long-established British publishers like Cassell, family-owned and family-run for generations, lost their independence and became part of vast international conglomerates, controlled, in many cases, from New York. I turned eagerly to the volume for some insight into how this great débacle happened. *Fellows in Footstep* does give enlightenment on this publishing revolution, but only indirectly. It seems to have been due in large part to managerial complacency.

I enjoyed the book, but I have to say it is far too long,

open-air meetings and distributing pamphlets to persuade people to sign the pledge. The pamphlets turned into journals like *The Tertial Times* or *Monthly Temperance Messenger*. For much of his life Cassell was as big in magazine publishing as in books.

After the war, the whole of this magazine empire was sold to the Berry brothers (the newspaper ones), leaving Cassell free to concentrate on general book publishing under Flower père. He was an astute, tough, successful publisher, specialising in military memoirs, fiction beamed at the lending library market, and reference books; but here we see the other side of this multifaceted man, his own creative writing (including three novels), love of music (he wrote a life of Handel), his belief (inherited by his son) in the benefits of frequent visits abroad, his party-piece to recite a poem by William Barnes in a broad Dorset accent.

Sir Newman, as he became, sent young Desmond to school at Lancing where he was a contemporary of Tom Driberg and Evelyn Waugh. Unlike the latter, he loved the place and was a model games-playing school-

boy. Then he was sent to Cologne to learn German. Later he went (against his father's wish) to King's College, Cambridge, where his supervisor was the literary critic F.L. Lucas, who became a friend for life. Then came the business. Then the war, when he went back into the business to take charge of a golden age of post-war best-sellers – including Nicholas Monsarrat's *The Cruel Sea* and Churchill's *The War*, on which he worked closely with the great man. Then eventually Flower succeeded to the throne and had many successful years. In 1968 there came a spot of bother – the libel action brought by Captain Jackie Broome over David Irving's *The Story of the PQ17*, which Broome eventually won. Though this was a hugely costly, time-consuming business, Flower still insists that it did not contribute to his loss of control of his company. That,

**FELLOWS IN FOOTSTEP: MEMOIRS OF A PUBLISHER**  
by Desmond Flower  
Robert Hale £24.95, 415 pages

he explains, was the result of a place of financial prudence on his part. He established a trust fund into which he put all of his considerable share-holding in Cassell for the benefit of his family on his death. When the takeover offer came the trustees studied it and recommended the sale of these shares – a recommendation Flower was powerless to oppose. From which one can only conclude that they would not have recommended acceptance if all had been entirely well with the company.

Apart from his publishing, the author has spent much of his life travelling abroad. There are accounts of his visits to France, Spain, Ireland, Canada. There are also sections on a variety of sports in which he has seriously participated – fencing and golf are particular favourites. He describes a round of golf with the Duke of Windsor, whose book he published. Both had handicaps of eight. Flower refused to concede a six-inch putt, to the silent fury of his royal opponent – who then missed the putt.

Music is another passion, likewise book-collecting; he is a leading authority on the first editions of Voltaire and Ernest Dowson, a member of the Roxburgh Club, the Double Crown Club, the First Edition Club (now defunct), the Wine and Food Society, the Saintsbury (of limited membership and dedicated to the drinking of the finest wines). Last but not least there are lengthy pen-pictures of the three women whom at different times Flower has married. Flower will be 84 on the 25th of this month. Many happy returns, Desmond.

W HEN I SAY that Martha Nussbaum's *The Fragility of Goodness* was one of my favourite books from the last 10 years, you will sympathise with my disappointment at feeling ever so slightly let-down by its successor, *Love's Knowledge*.

*Fragility* was a triumph. Dispensing with today's misguided fashion for academic specialisation, Nussbaum read Greek philosophy and literature, from Aristotle to Aristotle, with a profound understanding of the conversation of ideas passing between them. And how modern it all sounded!

Here at last was philosophy which spoke for the way people lived. Forget Kant's moral imperative and the ideological baggage of rules and duties. What the Greeks understood was that the moral life was an adventure, in which love and friendship (life's richest goods, according to Aristotle) were precious almost in proportion to the kind of "education" (Nussbaum's word) undergone by many of James's heroines (and by Jane Austen's too, for that matter).

But by drawing the 5th-century Aristotle up through the hour-glass of time, Nussbaum has to make him adopt some fairly astonishing poses. She connects Aristotle's virtue of practical intelligence, what she calls "discernment", with Henry James's ideal of being "richly responsible and finely aware". She calls this a "politics of the moral life". But unlike Aristotle's moral politics, in which individuals bristle with the claims they always seem to be making on one another, from pride or honour perhaps,

The result must rank as one of the most original books pub-

**LOVE'S KNOWLEDGE: ESSAYS ON PHILOSOPHY AND LITERATURE**  
by Martha Nussbaum  
Oxford £40, 403 pages

lished this year, a hugely stimulating read, which returns us with thoughts refreshed to some of our best-loved authors and brings philosophy back to earth in the process. The reason philosophers have been suspicious of story-tellers goes back to Plato's dismissal of the emotions. The stuff of novels – human joys, hopes and sadnesses – is clearly allowed how messy life can be compared with the neatly-manicured mind of the philosopher. Aristotle, Nussbaum's hero, believed otherwise, and his view that moral maturity consists of learning to feel as well as to think appropriately brings us remarkably close to the kind of "education" (Nussbaum's word) undergone by many of James's heroines (and by Jane Austen's too, for that matter).

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## New virtues

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or from anger or injustice, Nussbaum's nice Aristotelians watch, notice, are patient and allow everyone their own private living space. In other words, they resemble liberal American academics.

This partly stems from her problem with Aristotle's virtue of anger. Nussbaum cannot accept this and argues that the novelist's attitude to his characters should be paradigmatic of the moral life. Aristotle would not have approved, nor would many great writers. Think of Shakespeare.

By omitting Aristotle's stress on successful moral action (which only the virtuous know how to bring off), and by only stressing perception, she also runs the risk of aestheticising the moral life – a danger James's novels acknowledge. There is too much about subtlety, rich responsiveness and fine judgment, and not enough about the virtues (for Aristotle, justice, courage, temperance and prudence) they should serve.

There is also a problem about the way she moralises literature, especially something as subtle as late James. Nussbaum says love is the "moral ideal" of *The Golden Bowl*. This is surely too subjective a reading, although it fits with her seemingly utopian ambition to replace the Aristotelian universe with one tuned by Love.

Like the most stimulating conversations, Nussbaum's new book engages and delights at the same time. Now that at least is Aristotelian!

Mark Archer

## Film-makers in flashback

TALKING film-makers in their habitats is an art as delicate as ornithology. One snapped twig, one pair of field-glasses raised rashly to the sun, and whish! – your quarry is off and running. The Derek Jarman portrayed in his diaries under the title *Modern Nature*, and the Woody Allen of Eric Lax's new biography live in contrasting wildlife reserves. Allen's New York teems with urban anxieties, a safari park for the modern Zeitgeist. Jarman lives in a pitch-blackened cottage on Dungeness beach, as far from civilisation as a Sussex address can get you.

Both these books are written on the wing by authors trying to catch their subject in mid-motion. The fact that Jarman writes about himself make matters no simpler. *Modern Nature* is a wonderful essay in decorative evasion. As if the idea of a commissioned diary were not preposterous enough (the book was proposed by publishers Century), the 20 months Jarman covers are filled with artful flashbacks to his childhood, earlier film career and homosexual history. Few front-line details about the life, work

and daily thoughts of the director of *Sebastiane*, *Caravaggio* and *The Garden* have been left out. Few things that might reveal a darker, more off-kilter humanity have been left in. This is designer stream-of-consciousness.

Somehow the book still charms and delights. Jarman in prose, as in film, is a heady blend of the missionary and mischievous. In *Modern Nature* he has you purring at his descriptions of local life and flora – much of the book reads like Gilbert White on an away-day from Selborne.

The book is fragments masquerading as whole: a patch-quitting of disparate experiences, unshaped by any received moral creed but clearly shaped by the author's own sensory pantheism. In one August day the Jarman prose drifts from thought-cluster to thought-cluster like a pollinating bee. "Woke before dawn to find Venus framed in my window." "Idiotic phone call from some colour supplement." "The sea has turned perfect blue".

Jarman's gift as a writer, painter and film-maker has always been for doodling and bricolage under a hortatory-hortatory style. *Modern Nature*, like his best film (*The Garden*, *Angelic Conversations*), has a perverse cogency even when you feel that the doodles could be arranged in almost any order, and that romantic-anarchic affirmation, if not the only

**MODERN NATURE**  
by Derek Jarman  
Century £16.99, 314 pages

**WOODY ALLEN**  
by Eric Lax  
Cape £16.99, 377 pages

note Jarman knows, is the only one he allows himself to sound in public. Woody Allen is as far from a born affirmer as life could provide. The world's most gifted complainer is happiest, or his audiences are, when he whines on comically about late 20th century life. Eric Lax's biography lends a patient ear, perhaps too patient, to Woody's serious-artistic pretensions,

including his love of Bergman (starting with a Damascene vision of *Summer with Monika* while at school) and his dalliance with serious filmmaking (*September*, *Another Woman*). Lax notes that his subject's philosophical pessimism is no recent development. As early as 1956, he was writing to a friend: "My ideas... lean always to what I call a pessimistic mood built from existential horror, insanity and death."

No wonder Allen lives in that nesting-ground for neurotics called New York. And no wonder a man who has built a comic persona out of paranoia seldom lets prying writers get too close to him. Lax's book is rich in glimpses, if not in insights. As a confidant with one previous Woody Allen monograph to his name, he knows all the bizarre marginalia. Allen takes his temperature every two hours; he still goes to an analyst, a habit begun in 1959; he writes many of his scripts in hotel rooms on European vacations; his real family name is Konigsberg, just like Immanuel Kant's birthplace; his first and still foremost comic idol is Bob

Hope. Amid the welter of facts and incidents, my favourite is the story of the three-year-old Woody Allen running towards a cinema screen to embrace the characters in *Snow White*. There is a true movie maniac in the making.

As a Boswellian recording angel, Eric Lax does good service. It would be better if he added some speculation-in-depth about Woody Allen, the man and artist. For me, Allen is the funniest postwar comedian, bar none. There is no keener delight than watching him deliver his gags, preceded by their foreplay of tics and stammers and shrugs. Shaped by the 20th century, Allen has returned the favour by shaping our view of the 20th century. Few of us can look for long on his icons and demons – from Hitler to psychoanalysis, sexual liberation to cultural oneupmanship – without hearing that fretful, hilarious voice. As a summary of Allen's life and career to date, this book covers the ground. But it leaves plenty of imaginative digging to be done by later writers.

Nigel Andrews

## More sind against...

**RAVEN CASTLE: CHARLES NAPIER IN INDIA, 1844-51**  
by Priscilla Napier  
Michael Russell £17.95, 305 pages

picture we get of Napier is not entirely that of an agreeable individual. No, he didn't go native but he fitted in no imperial slot. Courage he had. Tact he had not.

Tact is among the more slippery virtues and Charles Napier was not a slippery character. He would not compromise and he paid the price. He did not get on with many of his civilian superior officials, for most of whom he had scant respect. He was sympathetic towards the Indian sepoy who in his judgment was not getting a fair deal. Napier saw the 1857 mutiny coming. Dalhousie, the Viceroy did not, although his "reforms" were directly responsible for it. This exceptionally well-written book sets a wrong right, but does anybody care one way or the other about mid-19th century British India? How many among the millions who pass through Trafalgar Square even know that Napier's statue adorns its west corner?

K. Natwar-Singh



TELEVISION  
SATURDAY

## BBC1

8.40 Open University. 7.30 Pinocchio. 7.50 Kistur. 8.15 The 8.15 from Manchester. 11.00 Barney Bear.

11.10 Film: Tail of a Tiger. A young boy, obsessed with aeroplanes, spends his summer vacation trying to restore a wrecked Tiger Moth with his friend. Starring Grant Tinker and Gordon Potts (1984).

## 12.27 Weather.

Grandstand introduced by Desmond Lynam. Including 12.35 Hockey from France. Live action of Great Britain v Pakistan. 1.10 News. 1.15 Hockey. Further live coverage. 1.55 Racing from Newbury. The St. Hugh's Stakes. 2.05 Motor Racing from Oulton Park. The British Touring Car Championships. 2.30 Racing: The Euro-link. 2.55 The English Bay. Geoffrey Freer Stakes. 3.15 Golf: Further coverage. 4.35 Football: Final Score. Times may vary.

## 5.05 News: Weather.

## 5.15 Regional News and Sport.

## 5.20 Sky Tonight.

## 5.45 The Flying Doctors.

## 6.30 Roy's Raiders. Comedy starring James Cunniff and Sara Crowe.

## 7.00 Columbo with Peter Falk and Martin Landau.

## 8.10 Film: A Chorus Line. A group of hopefuls arrive at a Broadway theatre to audition for a big new show. Their hopes, lives and futures depend on their performances. Premiere of Richard Attenborough's showbiz musical, starring Michael Douglas and Audrey Landers (1985).

## 10.05 News and Sport: Weather.

## 10.25 Casually. James Lawrence is obsessively jealous of his wife and follows her to a friend's house. When he is locked down and taken to Casually, his paranoia gets out of control. Last in series.

## 11.15 Film: The Terminator. James Cameron's futuristic thriller in which a mechanised killer from the future goes back in time to hunt down the mother of his future nemesis. Starring Arnold Schwarzenegger and Linda Hamilton (1984).

## 1.00 Weather.

## 1.05 Close.

## BBC2

8.50 Open University.

## 2.45 Mahabharat. (English subtitles).

## 3.25 The Field. David Attenborough examines which creatures have adapted to the new land provided by agriculture and those that have been pushed out.

## 4.10 Film: The Towering Inferno. When a revolutionary skyscraper catches fire during its opening celebrations, the city's Fire Chief (Steve McQueen) tries to bring order to the night of terror. Also starring Paul Newman, William Holden, Faye Dunaway, Fred Astaire and Richard Chamberlain (1974).

## 6.50 The Shadow. Industrial Designer, Sean Blair visits Munich to discover some of the German skills in industrial design. In Newcastle-upon-Tyne, Ruth Seelings gets an inside view of what's different about British design.

## 7.20 News and Sport: Weather.

## 7.35 Denis Mitchell Season. Soho Story: One of Mitchell's first films, providing a tour of old-time bohemian Soho. Quentin Crisp: A personal portrait, shot on a single location in the socialite's tiny flat.

## 8.35 My Private War. A highly personal account of the German invasion of Russia in June 1941, as seen through the eyes of German soldiers who had their own amateur cameras in their kit bags. For the first time ever these British images will be shown, offering a very different view of war to that of the newsreels. Six German soldiers who survived the battle on the Eastern Front describe their experiences, discussing the morality of the campaign.

## 10.05 Film: Heaven's Gate. In 1970, classmates James Averill and William C. Irvine graduate from Harvard to follow very different paths. Twenty years later Averill is a Federal Marshal and Irvine is a drunk. Western starring Kris Kristofferson, Isabelle Huppert, Jeff Bridges, Mickey Rourke, John Hurt and Christopher Walken (1980).

## 1.40 Close.

## LWT

8.00 TV-am. 8.25 Ghost Train. 11.30 The ITV Chart Show. 12.30 pm Superman.

## 1.00 ITN News: Weather.

## 1.05 LWT News and Weather.

## 1.10 Saint and Greaves. New series. The popular duo return as the new football season begins and the plans for a super-league become concrete.

## 1.55 International Yacht Racing. The full story of the Fastnet Race which will decide which country wins The Admiral's Cup.

## 2.25 Film: The Prince of the Yankess. Gary Cooper stars. A biopic of Lou Gehrig, a baseball player whose meteoric rise to fame is cut short by the discovery that he has a form of muscular paralysis. Theresa Wright plays his devoted wife (1942).

## 4.45 Results Service. New series.

## 5.00 ITN News: Weather.

## 5.05 LWT News and Weather.

## 5.15 Rugs Bunny's Wild World of Sports.

## 5.40 Film: Thunderbolt Row. Premiere of this drug-running drama as cops take on ruthless drug traffickers who play their trade via high-speed boats. Chad Everett plays the man responsible for bringing together crack team of agents from various water-based police forces (TV 1989).

## 7.30 The Two of Us.

## 7.35 The Two of Us. A humbling salesman and his secretary swipe a million dollars they found in the safe of their dead boss. Premiere of this comedy starring Richard Crenna and Tina Turner (1989).

## 9.55 ITN News and Sport: Weather.

## 10.15 LWT News: Weather.

## 10.20 Richard Dillane welcomes Brian May from Queen and animal impressionist, Chris Peach.

## 10.50 Hands of a Murderer. Once again Sherlock Holmes is on the trail of the evil Professor Moriarty. But, at the very last second, Moriarty escapes the gallows. Starring Edward Woodward and Anthony Andrews.

## 12.30 The Evening News.

## 1.05 Film: Elsie. A comedy thriller centring on a terrorist group's kidnapping of a US military base controller and the thief who has the antidote (1986).

## 2.40 Night Heat.

## 3.40 Wrestling.

## 4.45 The Hit Man and Her.

## CHANNEL4

8.00 Early Morning. 9.30 A Century of Childhood. 10.00 Check Out '91. 10.30 Wagen Train. 11.30 Australian Rules Football. 12.30 pm The Murrays.

## 1.00 Film: If You Could Only Cook. A wealthy couple pose as a maid and butler in this comedy starring Herbert Marshall and Jean Arthur (1938).

## 2.30 Film: The Whole Town's Talking. A meek clerk runs into trouble when he finds he has a double. Comedy starring Edward G. Robinson and Jean Arthur (1935).

## 4.10 Fish People. Meeting some of the five million people in the world who keep tropical fish, from a millionaire pop producer to an inmate of an Edinburgh prison.

## 5.10 Brooklands.

## 6.30 The Big 8. New series. The Milton Keynes Aces meet the LGS Jets in the knockout tournament to find the country's best wheelchair basketball players. From Ponds Forge Sports Centre, Sheffield.

## 7.00 The World This Week. Nick Gowing and Sheena McDonald present news and views from around the world.

## 8.00 Kingdoms of the East. Fiordland in New Zealand's South Island which, with 28% of rain every year, is one of the wettest places in the world. The green and forested landscape is home to some very strange creatures. Previously shown on ITV.

## 9.00 Film: Lucien Lacombe. Having left school and started work, Lucien Lacombe spends his spare time shooting rabbits, until he finds himself plunged into a bizarre world of war and fascism. Directed by Louis Malle and starring Pierre Brasseur, Aurélien Clermont and Holger Löwenadler (1975). (English subtitles).

## 11.40 As It Happens. Peta McCarthy looks for Palma de Mallorca, holiday venue of the rich and royal as well as the ordinary tourist.

## 1.10 Manhattan Cable.

## 1.55 The Oprah Winfrey Show.

## 2.40 Close.

## REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

## ANGLIA

12.30 Antisocial Shorts. 1.05 Anglia News. 1.55 Anglia News. 2.25 World of Sport. 3.05 Anglia News. 3.30 Sport. 3.55 Bobby Robson PSV. 11.55 Operation Daybreak.

## BORDER

12.30 CUE. 1.05 Border News. 1.55 Crown Green Bowling. 2.45 The Spectacular World of Guinness Records. 3.10 Jam and Deez. 3.45 Crown Green Bowling. 5.05 Border News.

## CENTRAL

12.30 The Champions. 1.05 Central News. 1.55 World Sport Special. 2.25 The 7th Dawn. 3.05 Central News.

## CHESHIRE

12.30 Blockbusters. 1.05 Dairy Dates. 2.25 The Life and Times of Grizzly Adams. 3.20 No Truce with the Stars. 3.55 Cheshire News.

## CRANFORD

12.30 Beasts of Farnham. 1.05 Granada Headlines. 1.55 Granada News. 2.25 The Life and Times of Grizzly Adams. 3.20 Mads in Heaven. 4.45 Scotland Results. 5.05 Granada Headlines. 5.10 Cranford News.

## CRANFORD

12.30 Crown Green Bowling. 1.05 Granada News. 1.55 Crown Green Bowling. 2.45 Hard Time on Planet Earth. 3.40 Crown Green Bowling. 5.05 Granada News. 5.10 Granada Goals Extra. 5.30 Cartoon. 5.50 Peyton Place. The Next Generation.

## CUMBRIA

12.30 Press Your Luck. 1.05 ITV News. 1.55 Above Us the Waves. 3.45 The Life and Times of Grizzly Adams. 5.05 ITV News. 5.30 Cartoon Time.

## HITV

12.30 World Sport Special. 1.05 HITV News. 5.05 HITV News.

## HITV

12.30 Climb to Kilmarnock. 1.05 Scotland Today. 1.55 Scotland Today. 2.25 The 7th Dawn. 3.05 The 30 Spartans. 4.45 Scotland Results. 5.05 Scotland Today. 5.10 Scotland News. 5.30 The 30 Spartans. 5.50 Scotland Today. 6.10 Scotland News. 6.15 Scotland Today. 6.30 Scotland News. 6.35 Scotland Today. 6.50 Scotland News. 6.55 Scotland Today. 7.10 Scotland News. 7.15 Scotland Today. 7.30 Scotland News. 7.35 Scotland Today. 7.50 Scotland News. 7.55 Scotland Today. 8.10 Scotland News. 8.15 Scotland Today. 8.30 Scotland News. 8.35 Scotland Today. 8.50 Scotland News. 8.55 Scotland Today. 9.10 Scotland News. 9.15 Scotland Today. 9.30 Scotland News. 9.35 Scotland Today. 9.50 Scotland News. 9.55 Scotland Today. 10.10 Scotland News. 10.15 Scotland Today. 10.30 Scotland News. 10.35 Scotland Today. 10.50 Scotland News. 10.55 Scotland Today. 11.10 Scotland News. 11.15 Scotland Today. 11.30 Scotland News. 11.35 Scotland Today. 11.50 Scotland News. 11.55 Scotland Today. 12.10 Scotland News. 12.15 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"THE TROUBLE with the neo-Darwinists," says James Lovelock, "is that they've been locked in deadly combat with the religious fundamentalists for so long that they have taken on the language and methods of their opponents. They are much more dogmatic than the religious lot ever were."

Lovelock is no fundamentalist - he is deliberately agnostic. What else he is, is more difficult to say. Inventor, "geophysicologist" and scientific agent provocateur, he is the author of the controversial Gaia theory - a theory about the Earth that has percolated through environmental channels to become a popular myth.

A distinguished scientist, he was the first to identify the danger of chlorofluorocarbons - after sailing from Wales to Antarctica with a home-made gas chromatograph which he used to detect trace gases. He was also involved in NASA's search for life on Mars. He is visiting professor to the cybernetics department of Reading University, and was awarded the CBE. He was, he says, "nearly a hardware man."

But he has also been described as the Gendai of science, a man whom Jonathan Porritt, ex-director of Friends of the Earth, once nominated as his hero, but who has called the Green movement "a potent force preventing environmental reforms." A gentle, modest man, he lives in a remote corner of North Devon, surrounded by peacocks and swans.

And yet, to the scientific establishment, he is a heretic. He talks of his critics sadly. "Some of the attacks are getting quite personal. People have accused me of running a political organisation, and a publishing house to promote my ideas."

His ideas have been called dangerous. "How can a scientist say an idea is dangerous?" "I'm afraid I was rather provocative," he concedes. "I like telling biologists, 'The Earth is alive, to which they say, 'if it were alive, it could reproduce.' But seriously, we do need a definition of life. If you look in the dictionary, it is still defined as that which is not dead."

His Gaia theory is a new description of life, of why the Earth is the way it is. Importantly, it is neither a biologist's nor a geologist's description, but an attempt to combine the two.

Lovelock calls himself a geophysicologist. "I am not a radical scientist. I go back to the 18th century tradition, when science was one discipline."

To academics in the analytical tradition, this sounds suspiciously cross-disciplinary and holistic. "The biologists hated Gaia from the beginning," Lovelock muses. "They kept trying to bring up Popper - it can't be falsified, so it is invalid."

Simply put, Gaia theory sees the Earth as a self-regulating system. It is like a tropical rainforest: the forest supports all the forms of life that live under its umbrella, but they themselves - trees, plants and animals - create the climate of the rainforest. It is, Lovelock says, a closed loop.

The Gaia theory sees the whole Earth like this. By living and breathing, organisms shape a climate in which they can live, and that climate simultaneously shapes them.

It sounds so sensible that many scientists who previously dismissed Gaia as New Age nonsense now dismiss it as obvious. "Well you know what William James said," Lovelock says. "Any new idea is considered absurd at first and then later people say they knew it all along."

# The provocative scientist fighting for the Earth

Juliet Sychara talks to James Lovelock, champion of the Gaia theory of a living, self-regulating planet



But Gaia is, he insists, new. "Before me, biologists and geologists worked in isolation. They worked together in the 18th century, but it all changed in the 19th century when you got professional biologists."

"They saw all interactions as between creature and creature, not creatures and the environment. It has been a dogma of biologists for so long that the chemical world is a given, and life adapts to it. All life, they believe, takes place in biology. You only need to listen to the way they talk of evolution as 'adapting' or 'responding' to the environment."

Gaia, says Lovelock, changed all that. It has, moreover, offered interesting solutions to long-standing problems about the Earth.

"Biologists will tell you we already knew that plants produced carbon dioxide (CO<sub>2</sub>). But that's not very numerate. Why is CO<sub>2</sub> only a

trace gas in the atmosphere - and why is oxygen at nearly 21 per cent? "If you go to geologists and ask them what controls CO<sub>2</sub>, they'll say biologists have nothing to do with it. They say it has one source - volcanic emissions - and one sink - the weathering of rock which deposits it as limestone in the ocean." Life played no part in the regulation of the atmosphere.

Gaia allowed Lovelock to hypothesise that it did - that organisms helped control CO<sub>2</sub> levels by pumping it from the air to the ground. Subsequent experiments measuring rock weathering in the presence, and absence, of organisms support the theory - and the new explanation for the low levels of CO<sub>2</sub> in the Earth's atmosphere.

Gaia can answer other mysteries - how sulphur is transferred from the ocean to the land, or why clouds form over the ocean - because it understands living organisms as part of the Earth's regulatory mechanism.

None of this contradicts evolutionary theory, Lovelock says. It is method, he believes, that really divides him from the biologists. "There's nothing wrong with being a reductionist. You can take a watch to bits, or look at it and see how it works - both approaches are valid."

"But if you found a computer on the beach, there wouldn't be much point in taking it to pieces to see how it worked."

He is stoical about the popularity of Gaia with the New Age hippies. Darwin attracted a lot of fringe. "There was social Darwinism, for instance, he was accused of having put forward that theory, which was the keystone of capitalism."

And though Gaia is compatible with both God and the Greens, Lovelock does not subscribe to either creed.

"What I do take up is the Christian concept of stewardship. I think the Green movement is too humanist - too many of its members are refugees from the old humanist movement, or are communists. I see myself more as

the shop steward for all non-human forms of life."

If we are bad stewards, he warns, the consequences could be fatal. His computer model of the Gaia principle, set on imaginary planet Daisyworld, shows why.

Daisyworld is inhabited only by dark and light daisies. Early in the planet's life, it is cool, so heat-absorbing dark daisies grow best. As they spread over the planet, their light-absorbing quality warms its surface.

As Daisyworld warms up, the light daisies compete better, and spread. But as they spread, their light-reflecting quality cools the planet.

As time goes by, light and dark daisy populations alternately wax and wane in a self-regulating system - but the planet keeps heating up, until it is too hot for the white daisies to cool, and becomes barren.

Earth, warns Lovelock, could be like this. Man is, if you like, a daisy with a temporary advantage. But models of Daisyworld show that that can change suddenly, as the self-regulating system is tipped just too far.

"Any self-regulating system as it matures is less able to contain oscillations - like the ageing body," says Lovelock. "In the end, even the white daisies can't cope."

Gaia is thus prone to flip from one steady state to another - like a thermostat which triggers a change when the temperature reaches a certain point. The fossil record, Lovelock says, suggests this has periodically happened through the Earth's history.

"If man keeps on pushing the system it could flip to a new stable state - and we could find ourselves living in very uncomfortable conditions."

The Earth, he suggests, is already close to the end of one of its long stable periods, and is growing hot. In the past, it was cooled by a fall in CO<sub>2</sub> levels in a sort of regulatory system. But there is now so little CO<sub>2</sub> left that it is not possible for it to fall enough. The system has reached a critical point.

It is, he says, "a very inconvenient moment to add carbon dioxide to the air in the shape of emissions from fossil fuel combustion."

"What I think will happen will be a flip to another steady state," Lovelock says. The flip, he thinks, could be over a minimum of one hundred years. "I don't think we'll be destroyed. But we could end up as a minor species dotted around the world."

"Say at the West Antarctic ice sheet dropped off - one ultimate consequence of warming - that could mean a 15 ft rise in the sea level and an incredible death toll."

Releasing CO<sub>2</sub> is, he says, only one of the series of blunders that could precipitate disaster. Even more serious is the destruction of the humid tropics.

"By early next century, we could have destroyed 70 per cent of the forests and the remaining 30 per cent would not be enough to sustain the ecosystem. It would go to desert, and there would be a refugee and famine problem the like of which we have never seen."

What we can do, he says, is use technology to avoid intrusions into the earth's self-regulation - for example by burning fossil fuels cleanly.

Why should it matter if human beings destroy the climate in which they flourish? From Gaia's point of view, it could be a good thing. He agrees. "But from a selfish point of view, I've got eight grandchildren."

# A life in the interstices

Michael Thompson-Noel



THESE ARE worrying days for the media. In the *Guardian*, Richard Harwood, ombudsman of the *Washington Post*, tells us that in the US the trade press has warned that the boom days for advertising may be gone forever, and that the suppliers of entertainment and information have arisen to further congest the competitive jungle wherein the traditional media fight and scrape for revenue and mass attention.

What is more, the media's pride has suffered. Says Harwood: "Once proud magazines, the *Wall Street Journal* reports, are offering manufacturers favourable publicity in exchange for advertising contracts, a very naughty way to do business. Others, including *Esquire*, *Newsweek* and *Business Week*, have been cautioned by the American Society of Magazine Editors for practices that blur the lines between news content and advertisements."

In the *Times*, James Bone adds to our paranoia by reporting how the US TV networks have increasingly turned to "infotainment" as their share of the nightly news audience has fallen, and by describing the growing popularity of a cheapo product known as "reality TV" which is flourishing in the interstices between news and entertainment, fact and fiction. "Reality-based programming, which uses real life rather than fiction as entertainment, has surged on to the American airwaves in the past five years."

None of this surprises a trend-setter like me. Ever since its debut, this column has probed and picked at the opportunities for low-rent, high-return infotainment that lurk in the gaps between fact and fiction, perception and reality.

What is more, I am permitted to tell you that the response to *Hawks & Handsaws* from those who matter most has been generous and encouraging. For every two letters I get from readers telling me I couldn't make a brown dog laugh, I receive eight expressing thanks for casting rays of sunshine into grey and regimented lives.

Increasingly, however, the thought has struck me that the time has come for this column to broaden its appeal and generate even more profit by adapting itself to "reality TV."

In the US, I hear, there are now almost two dozen reality-based TV programmes ranging from talk shows to re-enactments of gruesome crimes. But they are old hat. Here, instead, is the outline script for a pilot TV programme, *Hawks & Handsaws Live*, that my employers and my agent working in harmony will shortly be auctioning.

Sam: My alarm clock wakes me. It is a nasty little plastic job which cannot be reset, which I why I rise each day at 6 o'clock.

6.10am: I am drinking tea and reading the racing pages. In recent weeks I have been trying to discover whether a roulette staking

system can be modified to win at horse racing. Answer: No, it can't. 6.52am: Bath, shave, gargle, dress. 7.27am: Coffee, toast, turn on dish-washer. 7.43am: Start to write a travel article. I am staying at home today to escape the office backstabbing and the chirruping of telephones that distress and enfeeble a simple soul like me. Travel-writing is hard. 9.36am: I change four words around. Then I change them back. 10am: Hair-cut. "It's supposed to look like this," I tell the stylist, showing him a cutting of the pen-and-ink drawing affixed to this column. "Just like Jonathan Ross."

12.45pm: The travel piece is stilling. There is an undertone of frivolousness I am struggling to expunge, so I switch to shorter sentences and extremely simple words. When in trouble, chop all sentences in half. 1.09pm: Baked beans on toast. Listen to the radio. Walk in the rioting garden. Bring in the towels. Empty the dish-washer. Wonder what Len Deighton is having for lunch. Count my money. Wonder whether the price of gold will rise above \$370 again in my lifetime. Inspect the rising damp. Read about the hostages. Drink a pint of milk. Clean and scrape my teeth. Re-count my money. Notice that the ironing lady has at last pressed my tennis shorts.

1.57pm: Swiftly visit the betting shop. Where they seem genuinely pleased to see me. 3.32pm: Travel piece flowing now. Sentences ever shorter. Lots of common words. Mustn't risk parody, though. 4.45pm: Re-visit the betting shop. I have backed two winners. No-one pleased to see me. "Why is it," I ask them, "that I always have you newly-printed banknotes while the ones you give me have been laundered so often they're falling apart?" Answer comes there none.

7pm: Watch the first half of *Channel 4 News* with Nicholas Owen (blue suit, funny tie) and Zelnah Badawi (radiant and beautiful). As usual, the programme is so complicated and long-winded that I almost pass into unconsciousness, but rally myself in time to switch to *Coronation Street*. 8.03pm: Because the cook is on holiday, I study the notes she has left me: "Wednesday, supper. Heat M&S 'Lingui With Seafood' at 180°C. Remove sleeve. Do not remove film. Place on baking tray for 25 minutes. If wish, hot pass. Fruit. Cheese. Chocolate biscuits in cupboard."

8.37pm: Turn on dish-washer. 8.54pm: Empty dish-washer. 9.30pm: Lock back door. Inspect the rising damp. Count my money. Wonder whether the price of gold will rise above \$370 again in my lifetime. Re-count my money. Wonder what Len Deighton is having for supper, and where, and with whom. Clean and scrape my teeth. Wonder whether *Hawks & Handsaws Live* will be supported up at the auction. Will it make me rich? Will fame prove my downfall? Turn on dish-washer. Turn off light.

THE SUN was playing on the waterlilies; a haze of pale blue clematis had just closed behind me; there were no weeds; roses were flowering by the thousand and oddest of all, I was in France.

Every English person knows that the French make the best gardens, yet this knowledge was breaking up around me. True, there were busy lizzies in too many colours at the bottom of most of the shrubberies where the roses were all too modern. But here was a place with a garden that led to it, right on the edge of Paris's Bois de Boulogne. Last week's French post-modernism seems a distant dream: in the grottoes and waterfalls, any of the graces might be tempted to sit and picnic on a peachy baguette. I think I remember that a French garden-owner told me that Bagatelle is not French at all. It was too good, she thought, the only French garden which measures up to England's class. If I remember right, she was right too, but not quite as she intended. At the western end of the Paris Metro, Bagatelle has a gem of a chateau, completed in 1786: it also has a garden with deep English roots. There has been a curious to and fro. In England, great gardens like Hidcot and Sissinghurst owe an important debt to historic French themes and style. In Paris, though I never knew it, Bagatelle has an English pre-history and quality which makes Kew Gardens seem dreadfully earnest.

In the 1780s, the chateau's French owner had a capable Scotsman, Thomas Blaikie, to lay out a park in the natural English style. Most English tourists, like myself, leave Paris in blissful ignorance of its existence, but it makes up for the state of the Tuilleries. Blaikie had a lively career in Europe: he left Bagatelle with a lake, waterfalls, sham ruins and marvellous outcrops of rock in the natural manner. Some of this English style still survives. From 1835 to 1905, Englishmen lived in the place

# A garden of graces

Robin Lane Fox discovers a little-known French paradise that matches the best of British

and improved it, especially Lord Hartford and the Richard Wallace of London's famous collection. Their additions were in keeping with the classical white chateau and the motto, "Small, But Aged", which runs just below the cornice. In 1905, the City of Paris bought it back into French ownership. You might have expected the combination of French gardening and city councillors to give it the kiss of death. In fact, they gave it the opposite. They planted roses; they held flower-shows; above all, they gave free rein to one of this century's greatest public gardeners, Jean-Claude Forestier. He is so significant that he is not even mentioned in two of my histories of modern gardening. Forestier had genius. He was a friend of Monet; he introduced impressionist water-lilies to Bagatelle; he laid out the feature which the place still conjures up to English eyes. It was he who began Bagatelle's rose garden, home of nearly 1,000 varieties and site of the International Competition for New Roses since 1907. In early August I came expecting roses in violent colours: I left, relishing the way in which roses like breaking in the rules in France.

The rule-breakers are not this year's International prize-winners. They all look singularly awful, most of them being semi-double, harshly coloured and less resistant to bad weather than to the charms of scent. Their neighbours are much more interesting. At Bagatelle, dozens of strong roses climb and ramble, but very few are on the arches and designer-hoops which dominate English taste. Instead, they grow on solid rectangular pergolas of wooden poles which I priced out at a third of



French flair: Bagatelle's pergolas break the rules

the cost of an English pergola kit in the Chinese style. They ought to call us all back to our senses. Intending to copy them, I paced out their measurements. Each thick upright post is about 9 ft above ground level and 2 or 3 ft, I assume, below it: there are intervals of four yards between each pole. Overhead beams of thinner wood support the roses like cross-bars: the walk underneath

them is up to four yards wide. The scale could be reduced slightly, to three yards, I thought. Each beam and upright is set with little iron staples, hammered into it. These hold the roses in place so that nothing flops. In the weeks after flowering, this control surprised me. On each of the uprights not one, but two, vigorous ramblers had been planted and allowed to make nonsense of English instructions. Their stems are not spread out like fans. They are clamped together in criss-crossing bunches which are nailed to the post by a single staple. Our pruners tell us that the stems of roses must never rub and touch; at Bagatelle, they do exactly the opposite and are totally happy.

Our books also tell us to prune them in late winter or spring. At Bagatelle, climbers are clipped as soon as they have flowered. As a result, roses as vigorous as *Albertine* or *Wedding Day* run like well-behaved streamers of ivory along single drapes of hanging rope. "If a branch offend thee, cut it out . . .", at Bagatelle, the roses are pruned throughout the summer with Biblical savagery. They thrive on it.

Unfortunately, there is the usual hiatus in French ideas of their history: even here, "old" roses are roses which were bred in 1830 or 1863. The great French beauties of the 19th century are missing. In their absence, civilised taste in colour has to look elsewhere.

It does not have to look too far. As I veered away from yet more *Danse de Feu*, I found myself in a haze of white daisies by a gardener's cottage. These daisies are winners. French gardening at its best. English gardeners too often forget them, the white *Cosmos*

daisies which will grow easily from seed sown indoors during May: in our lists, *Cosmos Purpurea* is the best form and would look wonderful among next year's old roses as their flowers begin to fade.

Cosmos daisies, not roses, ought to be the emblem of the garden, but the heart of its charm lies just behind the gardener's house, on one side, a wall protects a small garden; on the other, clay pots of geraniums are lined out on a terrace. *Cosmos* careers everywhere, fuchsia grows in French abundance; above all there are clouds of happy, familiar clematis.

This queen of climbers is growing on a secondary line of support which protrudes several inches from the face of the wall behind it. I am not sure why this double layer of trellis was installed, but it shows off its clematis beautifully. Unlike the roses, old French clematis are here in plenty. Mme E. André and *Comtesse de Bouchard*. They stand by the dozen among viticella and tennensis forms and old favourites like *Lasurstein* and purple-blue *The President*.

You can even forgive the inevitable French margins. In this enclosed garden, great growers used to display their new varieties before an urban public, who came to stroll through the best of their gardening future. This little presentation "garden" erased last week's post-modernist style of bamboos and rumbling concrete and banished it, a dozen steps away to the far end of the Metro. There would be a better post-modernist life as head gardener among the visiting graces in Bagatelle's *jardin des présentations*.

I had never expected to find better than Britain on the edge of Paris, but I would settle for a life here, with licence to kill the new roses. Give me five years, and even Forestier's presiding spirit would smile and look down from superior heights on anything in a London park.

# Scottish scandals

PLAY ON the outskirts of the city aptly illustrates the underlying theme of this year's Edinburgh Festival. Performed by the West Lothian Youth Theatre, it is called *Desperately Seeking Scotland*. The piece contains lines like this: "The 17th century was the worst hundred years of my life" and "We can fight all right, but we can't win: the odds are stacked against us."

Move to the more formal surroundings of the Royal Scottish Academy in Princes Street and you will find another example. The central exhibition this year is *Virtue and Vision, Sculpture and Scotland 1540-1990*. A prominent exhibit by the young sculptor, David Mach, consists of an array of whisky bottles under which there is an image of a woman lying abandoned on her back. The work is titled *Dying For It*, raising the obvious question: Scotland, drink, sex, or perhaps the whole lot?

The Festival has not had a happy first week. On Monday the Prince of Wales announced that he was resigning as President of the Patron of the National Museums of Scotland on the grounds that he did not like the way that the design for the new National Museum had been chosen. On Wednesday Frank Dunlop, the outgoing director of the Festival, chose to accuse the festival fringe of "degenerating into a third-rate circus". In Edinburgh these things hurt.

If the Prince had resigned from a committee in England, the incident would have been dismissed as another of his fits of eccentricity. But building a national museum in Scotland is a desperately sensitive subject. Some people think that the site is in the wrong part of Edinburgh, others that it should not be

in Edinburgh at all, quite apart from the arguments about the merits of the architects' plans. Should it be a national museum with a small or a large "n"? Scotland has few procedures for dealing with this kind of question. It relies heavily on patronage, which is why the Prince of Wales was involved in the first place. He departed because, he claimed, the wider public had been insufficiently consulted. There are few ways of finding out what the majority of Scots want for themselves.

Malcolm Rutherford on the rows that have erupted at the Edinburgh Festival

Dunlop's remarks hurt partly because, as any Edinburgh hotelier or taxi-driver will tell you, this has not so far been the year of maximum visitors to the Festival. Yet here was the director attacking a large part of what was on offer. Literally, the director is correct. There are some 600 fringe productions this year, yet I doubt if the casual visitor would detect much difference between this year's fringe and last. Outside a church at the end of Princes Street is a notice about a performance of Bolivian Indians that seems to have been there for ever.

One change is that this is the first festival for years without Margaret Thatcher as Prime Minister. It means that the stand-up comics have lost a target and not yet found a replacement. True, you can bring in Saddam Hussein, but it is not enough just to drop a name: you need to know something about a subject to make a point.

Much of the fringe now consists of a kind of

sub-educated culture, where it is thought clever to mention (say) the ozone layer, but not necessary to go any further. See, for example, a play called *Once Upon a Time in Tottenham Dale* where the two characters, Dave and Bill, trade on such half-knowledge. Meanwhile, there is a good deal of support up at the auction. Dunlop should be aware, however, that the Festival proper is far from glittering. A performance by the Leningrad Theatre of Moscow is almost thrown away by the inadequacy of the translation system and there remains, after all these years, a general lack of decent facilities.

If this Festival has a theme, it relies on bringing in outsiders, notably east Europeans, presumably because they are cheaper and more readily available than mainstream attractions. Even Yukio Ninagawa, the Japanese director and frequent visitor, fits into the outsider category: more admired in Edinburgh than in his home country.

One of this year's successes is R.S. Silver's *The Bruce*, an epic play about the birth of the Scottish nationhood, given its first full performance some 40 years after it was written. A programme note claims that it would have been staged long ago if there had been a National Theatre of Scotland. In truth, it could have been put on at any time. It has been put on now because the Scots are re-exploring their roots and looking to their future as a small nation in Europe.

It does not have to be gloomy. At the end of *Desperately Seeking Scotland*, Scotia, the daughter of the eternal mother, Caldonia, says that the answer is to stop living in the past. "We'll go and discuss it over a wee dram," says the mother. "No," says Scotia, "let's go for some coffee and quiche."